DOCUMENT RESUME

ED 461 741 CE 082 870

TITLE	The One-Stop System Must Continue To Work toward Readiness. [Audits of One-Stop Systems in California, Connecticut, Florida, Illinois, New York, and Vermont].
INSTITUTION	Office of Inspector General (DOL), Washington, DC.
REPORT NO	DOL-R-02-00-210-03-390; DOL-R-02-00-206-03-390; DOL-R-02-00-211-03-390; DOL-R-02-00-209-03-390; DOL-R-02-00-207-03-390; DOL-R-02-00-205-03-320
PUB DATE	2000-11-13
NOTE	89p.; Audit for Rhode Island not available from ERIC.
AVAILABLE FROM	For full text: http://www.oig.dol.gov/public/reports/oa/2000/one_stop_summary.ht m.
PUB TYPE	Collected Works - General (020) -- Reports - Evaluative (142)
EDRS PRICE	MF01/PC04 Plus Postage.
DESCRIPTORS	Audits (Verification); *Delivery Systems; Educational Legislation; *Employment Services; Federal Legislation; Job Placement; *Job Training; *Labor Force Development; Labor Legislation; Partnerships in Education; Policy Formation; *Program Effectiveness; Program Evaluation; Program Improvement; Public Policy; *State Programs; Systems Approach
IDENTIFIERS	California; Connecticut; Florida; Illinois; New York; *One Stop Centers; Vermont; Workforce Investment Act 1998

ABSTRACT

This document contains the reports on audits of the one-stop systems in California, Connecticut, Florida, Illinois, New York, and Vermont. The overall audit conclusions were as follows: (1) the states have made substantial efforts toward forming new comprehensive workforce investment systems as mandated by the Workforce Investment Act (WIA); (2) the states have generally opened one-stop centers capable of providing user-friendly services to customers; (3) as of the time of the audits, development of the infrastructure for the one-stop system was not complete; and (4) state and local boards, memoranda of understanding, cost-allocation methods, and data collection systems must be instituted to ensure the service delivery, customer choice, program accountability, and continuous improvement that are fundamental to WIA. The state reports were all based on a standard format that included the following components: (1) background information; (2) objectives and scope; (3) audit results with respect to six areas (including all WIA-required one-stop partners; opening centers in each local area; establishing agreements with agencies; developing a financial system to meet one-stop needs under WIA; developing a data collection system; and providing access to services at the one-stop centers); (4) recommendations; and (5) state responses to the draft report. (MN)

Reproductions supplied by EDRS are the best that can be made
from the original document.

ED 461 741

THE ONE-STOP SYSTEM MUST CONTINUE TO WORK TOWARD READINESS

U.S. DEPARTMENT OF LABOR
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

BEST COPY AVAILABLE

CE082870

U.S. Department of Labor
Office of Inspector General
Office of Audit

[GRAPHIC]

[Search]

Last Updated: Monday, November 13, 2000

THE ONE-STOP SYSTEM MUST CONTINUE TO WORK TOWARD READINESS

Information obtained from the Internet may not be in the same format as a hard copy obtained from the Office. Depending on the requester, the quantity of information provided may also vary. In order to appeal any deleted information received via the Internet, you must make a formal written request for the same material. Further, some of the audit reports issued prior to FY 1998 may no longer be available. They may have been destroyed in accordance with our records retnetion schedule. However, any request for audit reports or other audit materials should be sent to the OIG, Disclosure Officer, Room S1303, 200 Constitution Avenue, N.W., Washington, D. C. 20210.

Unless otherwise stated, the audit reports provided on this web page reflect the findings of the OIG at the time that the audit report was issued. The auditee may have more current information available as a result of audit resolution activities.

The OIG is using Adobe Acrobat 4.0 to prepare its audit reports for the internet. If you experience problems accessing the PDF files, you may want to download the latest version of the Adobe Acrobat Reader by clicking on the link provided.

[Link to Acrobat 4.0 Reader]

We conducted audits of One-Stop systems in seven states: California, Connecticut, Florida, Illinois, New York, Rhode Island, and Vermont. The overall audit objective was to assess where states stood in implementing One-Stop systems to meet WIA requirements, recognizing that states were still developing systems and have until July 1, 2000, to implement the provisions of WIA. The audit was designed to assess the status of One-Stop centers and the infrastructure supporting the One-Stop system.

We found that states have made substantial efforts toward forming new comprehensive workforce investment systems. Generally, our audit disclosed that states have opened One-Stop centers capable of providing user-friendly services to customers. However, the

CE08-870

infrastructure required for the One-Stop system is still being developed, and a strong commitment is needed by Federal, state, and local partners to meet the July 1, 2000, deadline.

State and local boards, memoranda of understanding (MOUs), cost-allocation methods, and data-collection systems need to be in place to ensure service delivery, customer choice, program accountability, and continuous improvement, which are fundamental to WIA.

One-Stop Centers

WIA requires that states establish, in each local area, a minimum of one physical center that provides core services and access to programs and activities carried out by One-Stop partners. Generally, states have made substantial progress toward meeting this requirement:

- Most states had established, in each local area, at least one physical center providing core services. These centers were supplemented with additional centers, satellite offices, and kiosks.

- Most centers were clean and provided customers with user-friendly and accessible services. Resource areas provided accessible employment-related information. Centers addressed transportation issues to improve customer access to centers and local job markets. Centers were designed to accommodate wheelchairs.

- Most partners were either co-located at the One-Stop center or available through referral.

Although progress has been made, some states still need to open centers in local areas. States also need to ensure that centers improve access for people with disabilities, such as hearing and visual impairments, and have links with all partners, including the Migrant and Seasonal Farmworker and the Indian and Native American programs.

Infrastructure

WIA requires the creation of state and local workforce investment boards (WIBs) to address policy issues, develop MOUs to define partner responsibilities at the local level, and establish cost-allocation and data-collection systems to provide ccountability. States are in the process of building the infrastructure to sustain and continuously improve the One-Stop system. Progress is being made; however, as of the end of our audit fieldwork, actions remained to be taken in several important areas, as illustrated in the following chart [The following chart describes, by state, which WIA-required infrastructure elements have been completed--the state board, certified local boards, MOUs, equitable cost-allocation methods, and fully developed data systems]:

INFRASTRUCTURE ELEMENTS COMPLETED*

STATE	STATE BOARD	CERTIFIED LOCAL BOARDS	MOUs	EQUITABLE COST-ALLOCATION METHODS	FULLY DEVELOPED DATA SYSTEMS
California	No	None	None	None	In progress
Connecticut	Grantfather	None	None	None	None
Florida	Grandfather	Some	Some	Some	In progress
Illinois	Not compliant	None	None	None	In progress
New York	No	None	None	None	In progress
Rhode Island	Grandfather	None	None	None	In progress
Vermont	Not compliant	Not applicable	None	None	In progress

* Status is as of the completion of fieldwork (April 15, 1999 - December 9, 1999). States have continued to develop systems

- New state and local WIBs, which are essential to the reform intended by WIA, have not been fully developed. Four states had taken steps to form new state WIBs, but none were fully WIA compliant. Either states did not have an approved board or the board was missing required members, such as the Migrant and Seasonal Farmworker, Indian and Native American, and Job Corps Programs. Three states elected to grandfather in existing entities as state boards. Although grandfather boards are allowed, ETA has encouraged all states to create new boards.

States have not certified local workforce investment boards. Certification ensures that required members are represented.

- MOUs in most instances were not executed between One-Stop partners and local workforce investment boards. MOUs cover services to be provided, funding of services and operating costs of the system, and methods of referral. Most states have designed MOU templates and are overseeing MOU development at the local level.

- Methods of allocating system costs to One-Stop partners were generally inadequate to ensure that benefitting partners are charged their fair share of One-Stop costs.

- Data-collection systems were at various stages of development, with no state having fully developed systems to report performance for the state, local areas, and training providers. To measure state and local erformance, states have to collect additional data and transfer existing external data into WIA management information systems. No state had a training provider information performance system, which is required to help customers make informed choices.

We recommended that ETA ensure that states continue their efforts to meet WIA

requirements by July 1, 2000.

Following are the complete One-Stop reports for Vermont, Connecticut, New York, Illinois, California, and Florida. They are all published in the Adobe Acrobat **PDF** format.

[OA Report No. 02-00-205-03-320, issued February 8, 2000];

[OA Report No. 02-00-206-03-390, issued February 22, 2000];

[OA Report No. 02-00-207-03-390, issued February 22, 2000];

[OA Report No. 02-00-209-03-390, issued March 14, 2000];

[OA Report No. 02-00-210-03-390, issued March 14, 2000];

[OA Report No. 02-00-211-03-390, issued March 22, 2000]

REPORTS BY FISCAL YEAR

[1998 Reports]

[1999 Reports]

[2000 Reports]

GO TO --

[Annual Audit Plans]

[Audit Process]

[Audit Reports]

[FOIA]

[Semiannual Reports]

[Single Audit Information]

[Staff Listings]

[OIG Hotline]

[Privacy and Security Statement]

[DISCLAIMER]

Send technical comments to: [Webmaster@oig.dol.gov.]

Comments relating to policy, content or style should be directed to: [jganci@oig.dol.gov]

[OA Home Page]

[DOL Home Page]

[OIG Home Page]

[Top of Document]

California's One-Stop Readiness Under the Workforce Investment Act

Report No: 02-00-210-03-390
Date: February 22, 2000

TABLE OF CONTENTS

PAGE

ACRONYMS i

EXECUTIVE SUMMARY 1

INTRODUCTION

BACKGROUND 3

OBJECTIVES AND SCOPE 3

AUDIT RESULTS:

1. Including All WIA Required One-Stop Partners 4

2. Opening Centers in Each Local Area 6

3. Establishing Agreements with Agencies Providing WIA Required Partner Services 6

4. Developing a Financial System Able to Meet One-Stop Needs Under WIA 7

5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA 8

6. Providing Access to Services at the One-Stop Centers 9

RECOMMENDATION 11

APPENDIX:

Employment Development Department Response to Draft Report 12

ACRONYMS

EDD	Employment Development Department
ETA	Employment and Training Administration
JTPA	Job Training Partnership Act
JTA	Job Training Accountability
LWIB	Local Workforce Investment Board
MOU	Memorandum of Understanding
OSO	Employment Development Department One Stop Office
PBA	Performance-Based Accountability
SDA	Service Delivery Area
SWIB	State Workforce Investment Board
UI	Unemployment Insurance
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of the State of California's One-Stop career center system. The audit objective was to assess the status of California's One-Stop career center system relative to where it needs to be to meet Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of December 9, 1999, of where California stands in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each local area. WIA requires that states complete full implementation by July 1, 2000.

AUDIT RESULTS

California had not formed a State Workforce Investment Board (SWIB) as of December 9, 1999. A SWIB is paramount to establishing a comprehensive workforce investment system. In its response to the draft report, California informed us that on December 17, 1999, the Governor announced the appointment of members to the newly created State Board.

Given the recent appointments to the SWIB, California will need strong commitments by State and local governments and WIA required partners to meet the July 1, 2000 deadline. California needs to continue its efforts in the following areas to meet the requirements for a One-Stop career center system under WIA:

- ensure all WIA required partners are on the SWIB, establish Local Workforce Investment Boards (LWIBs), and include all WIA required partners in the One-Stop system;
- establish a One-Stop career center in each local area;
- develop and execute Memoranda of Understanding (MOUs) with program partners;
- provide guidance to LWIBs regarding allowable costs;
- implement data collection and reporting systems which include all WIA elements; and
- improve the public's awareness of the role of the One-Stop centers.

INTRODUCTION

The Director for the Employment Development Department of the State of California responded to our draft report on February 18, 2000. The Director addressed the recommendations contained in the draft report and outlined actions taken subsequent to our fieldwork. The response has been incorporated into the report and included in its entirety as an Appendix.

BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education, and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provided further direction on WIA requirements.

California was awarded an implementation grant on November 18, 1994, to develop a One-Stop system. California's Employment Development Department (EDD) administered the implementation grant. The grant, as modified, provided $23,781,500 in funding through January 2, 2000. As of September 30, 1999, California had reported expenditures of $11,687,405 and unliquidated obligations of $10,190,237.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of California's One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000.

Subobjectives were to assess the status of California's One-Stop career center system in:

1. including all WIA required One-Stop partners,
2. opening centers in each local area,
3. establishing agreements with agencies providing WIA required partner services,
4. developing a financial system able to meet One-Stop needs under WIA,
5. developing a data collection system able to meet One-Stop needs under WIA, and
6. providing access to services at the One-Stop centers.

In performing this audit, we conducted interviews with officials from ETA, EDD, and three One-Stop career centers in the cities of Woodland (Yolo Community Partnership Agency), Santa Rosa (Sonoma Job Link), and Anaheim (Anaheim One-Stop Career Employment Center). We reviewed and analyzed services for job seekers and employers, and other planning and implementation documents from various sources. We did not assess One-Stop career center performance, customer

satisfaction, or customer choices. We also did not review internal controls relative to the One-Stop career center system.

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We conducted fieldwork from November 29, 1999 to December 9, 1999, and held an exit conference with EDD officials on December 9, 1999.

AUDIT RESULTS

1. *Including All WIA Required One-Stop Partners*

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those entities that carry out specific employment, training and education programs and activities. WIA requires that program partners be represented on the SWIB and Local Workforce Investment Boards (LWIBs), and be accessible through the One-Stop career centers.

As of fieldwork, California's One-Stop career center system did not meet the WIA requirement for including all WIA required partners in the system. State and local boards had not been formed and not all required partners were accessible through the One-Stop career centers.

State Workforce Investment Boards

California had not formed a SWIB as of December 9, 1999. On October 10, 1999, the Governor signed an executive order to establish the California Workforce Investment Board, and dissolve the State Job Training Coordinating Council which had made all WIA implementation decisions. However, the SWIB cannot be formed until the Governor appoints members to the Board, and as of December 9, 1999, no board members had been appointed. At that time, State officials were unsure as to whether all the required partners had submitted applications for membership and what the make-up of the board would be.

In its response, EDD stated:

> *. . . On December 17, 1999, the Governor announced the appointment of 62 members to the newly created State Board. . . . The 64 members of the new State Board include the Governor, representatives of the State Legislature, business, local elected officials, organized labor, youth programs, education, lead State agency officials, and community-based organizations. . . . These actions established the policy and administrative structure necessary to implement and operate WIA in California.*

California's newly created SWIB needs to address the following WIA requirements:

- develop and establish a continuous improvement mechanism for a Statewide system of activities funded under WIA;
- develop allocation formulas for the distribution of funds;
- develop and establish a continuous improvement mechanism for comprehensive performance measures to assess the effectiveness of workforce investment activities;
- prepare the annual report to the Secretary; and
- develop the Statewide employment statistics system.

Local Workforce Investment Boards

LWIBs had not been formed in California. The development of LWIBs is contingent upon the formation of the SWIB, which is responsible for assisting the Governor in defining local workforce investment areas and overseeing LWIB development. State officials believe local workforce investment areas will be similar to the Service Delivery Areas (SDA) under the Job Training Partnership Act (JTPA). Some SDAs (Santa Rosa and Woodland) have been approaching representatives of business, education, labor, and government for potential membership on the LWIB.

EDD stated:

> *. . . On January 28, the State Board recommended fifty-two areas for Governor designation. The local areas are continuing to move forward with WIA implementation. At this time local areas are allowed to use interim boards pending the State Board's development of final LWIB membership criteria. . . .*

One-Stop Career Centers

California left the development of partnerships at the One-Stop centers to the local areas. Consequently, the partnerships varied from area to area with some of the WIA required partners involved in some areas but not in others. California identified prospective partners but had not taken steps to ensure that all the required partnerships were in place at the local level. While some One-Stop centers took steps to ensure all required partners were on board, California had not taken steps to ensure that specific customer groups, such as those served through the Indian and Native American and Job Corps programs were served throughout the One-Stop delivery system.

EDD noted that:

All local One-Stop partnerships, that have received California One-Stop Career Center System grants, meet mandatory partnership requirements as required by the 1996 DOL Grant to California. California has taken steps to ensure that all the WIA required partnerships are in place at the local level. In the final round of local grants for California One-Stop system building, partnerships were required to identify how all WIA-required partners would be included in the planning and implementation process. . . . The State will also conduct evaluation and oversight of WIA activities as required, in order to analyze system performance longitudinally. . . .

2. ***Opening Centers in Each Local Area***

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible in at least one physical center in each local area of the State. The Governor had not designated local workforce investment areas as of December 9, 1999. However, State officials indicated that the local workforce investment area designations under WIA should be similar to the 52 SDA designations under JTPA.

California has two mechanisms to open One-Stop career centers throughout the State. One mechanism is that local areas receive subgrants from the State's One-Stop implementation funding to develop and open One-Stop centers. These centers are monitored by EDD and have been classified as being full-service, satellite or kiosk. The other mechanism is self-identification, in which the SDA forms One-Stop centers in local areas without One-Stop implementation funding. The State has not monitored these self-identified centers or classified these centers as being full-service, satellite or kiosk.

California had 115 One-Stop centers, including 54 satellite offices across the State, but did not meet WIA requirements of having a full service center in each SDA. Nine out of the 52 SDAs did not have a full-service One-Stop center in their local area.

- Five local areas' (Imperial, Kings, Merced, San Joaquin, and Santa Cruz counties) self-identified centers had not been classified by the State as to the level of services available.

- Four local areas (Madera County, City of San Bernardino, San Louis Obispo County and Stanislaus County) had satellite offices which may be able to expand to become a full service center.

EDD stated:

. . . As outlined in the State's draft Strategic Five-Year Plan for Title I of the WIA, the State will work with local partnerships that have experience in operating centers that meet all of the new WIA requirements in order to develop

certification standards for consideration by the State Board. This should assure that by July 1, 2000 all local areas have at least one full service One-Stop center in their area as required by WIA.

3. ***Establishing Agreements with Agencies Providing WIA Required Partner Services***

20 CFR 662.230(c) states that all WIA required partners must:

> *Enter into a memorandum of understanding (MOU) . . . relating to the operation of the One-Stop system . . . including a description of services, how the cost of the identified services and operating costs of the system will be funded, and methods of referral.*

MOUs were not executed with WIA required program partners. Some local One-Stop centers had agreements with program partners but none of these agreements met WIA requirements for MOUs. California's EDD developed a model MOU template which contains general information on cost allocation and procedures for modification/termination of the MOU. This template was a draft, pending approval by the SWIB. However, LWIBs have the ultimate responsibility for the development of the MOUs and ensuring the establishment of long-term funding streams for continued viability of the One-Stop centers.

EDD responded:

> *In the past, partners have negotiated a variety of local agreements. These agreements lay the groundwork for WIA MOUs. California's Initial Planning Guidance and Instructions requires local areas to coordinate with required and optional One-Stop partners and to identify local service needs. Agreements regarding how these services are coordinated and delivered will be reflected in local MOUs. . . .*

4. ***Developing a Financial System Able to Meet One-Stop Needs Under WIA***

WIA, Subtitle E, Section 184(a)(1) requires that each state establish fiscal controls and fund accounting procedures. 20 CFR 662.270 provides further direction, stating:

> *. . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . .*

EDD, the administrator for the State's One-Stop system, has an accounting system which is adequate for capturing center costs in aggregate. The State left the responsibility of allocating sub-state costs to the local One-Stop centers. This means that each LWIB has the responsibility of making sure that each

co-located and non co-located partner are paying their fair share of operating costs. However, One-Stop centers did not have cost allocation plans to meet WIA requirements.

The State plans to monitor each LWIB to ensure that partners pay their share of all operating costs. It was unclear which department would have the responsibility for monitoring the financial system at the local area. A committee recommended use of the JTPA monitoring department, subject to approval by the SWIB.

In its response, EDD stated:

> *The State will provide guidance regarding allowable costs and information about resources available to develop appropriate cost allocation systems. However, the development of a cost allocation methodology among the partners is a local issue. Locally developed cost allocation methodology will comply with Federal and State legislative and administrative requirements.*

5. ***Developing a Data Collection System Able to Meet One-Stop Needs Under WIA***

WIA, Title I, Subtitle B, Chapter 3 Section 122 (d)(1) and Chapter 6 Section 136(d)(2) require that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services.

California uses multiple data collection systems to gather and report customer activities. Each program partner brought its own data collection system into the One-Stop environment. These data collection systems were unable to share information. However, California is developing the Access system, which will enable the program partners to share data, facilitate common intake, and utilize a team approach to case management. When fully functional, Access should streamline the data collection process and eliminate repetitive input of data for customers enrolled in multiple programs.

California plans to utilize the Job Training Accountability (JTA) and the Performance-Based Accountability (PBA) systems for WIA data collection and reporting.

Job Training Accountability

The Job Training Accountability (JTA) system was designed to track customer activities and outcomes for the JTPA program using access to wage information from the California Unemployment Insurance (UI). This system is going to be the principal WIA tracking and reporting system and is being revised to match specifications per ETA guidelines. California is using ETA guidelines, *Proposed Checklist for a WIA Standardized Record* (WIASR) and *Consultation Paper on Performance Accountability Measurement for the Workforce Investment System under Title I of the Workforce Investment Act*, until further clarification is provided. California expects the system to be modified and operational by July 1, 2000.

The JTA system will also collect financial data from local areas. SDAs were only required to report JTPA financial data in aggregate for program costs and administration. State officials indicated that when ETA establishes the criteria for the financial data needed to calculate the cost of workforce investment activities, the JTA system will be modified to include additional financial elements.

Performance-Based Accountability

PBA was designed to receive data from various workforce preparation programs and apply a single set of performance measures to these programs. In addition to California wage information, PBA has linkages with other external sources for outcome data:

- interstate wage information from Washington State;
- Federal wage information resources, such as Department of Defense, U.S. Postal Service, and the Office of Personnel Management; and
- non-wage outcomes from Corrections, Education, Temporary Aid to Needy Families and General Assistance.

PBA's access to outcome information should make it possible to produce core measures of performance and training provider evaluation lists. However, in its current form, PBA does not provide timely information. State officials indicated the system will either be modified or will serve as the basis for developing another system which will be able to meet WIA needs in a more timely fashion.

Other data collection issues still being addressed by California include:

- interstate wage data for customers who move into the State from other areas or obtain employment out of State, and
- the initial training provider list.

In its response, EDD stated:

> ***The Employment Development Department (EDD) has been designated to maintain and disseminate the Employment Training Provider List (ETPL) for the first year of WIA program operations. The State plans to have an interim ETPL in place on July 1, 2000, for use during at least the first year of WIA program operation. Concurrently, the State will develop a more comprehensive Consumer Report System, which will include the ETPL. . . . The State plans to use standardized basic service and performance data will require Local Boards to submit updated information on providers. . . .***

6. ***Providing Access to Services at the One-Stop Centers***

The introduction to the Interim Final Rule (page 18668-9) states that One-Stop delivery systems should be user friendly and LWIBs should coordinate with the broader community, including transportation agencies, to ensure the centers are accessible to all customers.

We visited three One-Stop career centers. We found these centers offered self and staff assisted services. Facilities were clean and equipped with standard and specialized equipment for mobility impaired persons. The aisles were wide enough to accommodate wheelchairs. Municipal parking, including designated handicapped spaces, and access to public transportation was available at the sites. However, signs at the Anaheim One-Stop Career Employment Center need to be made more visible from the street, so the general public is made aware of the location of the center and services offered. Also, the Yolo Community Partnership Agency and Sonoma Job Link centers did not have computer screens for customers with visual impairments.

The style of centers varied from buildings scattered throughout a strip mall (Yolo Community) to an office on the third floor of a four-story office building (Anaheim). One center was spread out in different buildings, making it difficult for an individual to move about easily. Most of the time the doors were locked and a person could not enter the building without the assistance of center staff. Based on our observation, it was easier for a customer to obtain information when the center was located in just one building.

Resource rooms at the centers were designed to encourage public use. Computers were user friendly and had programs for word processing, resume writing, CalJOBS (CA job listings), and Internet access. At the Anaheim One-Stop Career Employment Center, claimants had to reserve a computer because of the shortage of hardware; however, the center had computers on order to resolve this problem. In California, UI claims are filed by telephone, and centers had dedicated phone lines to file UI claims. Also, telephones were located next to the computers so when claimants found a job through CalJOBS, they could call the employer immediately to arrange for an interview. Staff was available to assist customers and demonstrate computer usage.

EDD responded:

> *Signage at all One-Stops is subject to local ordinances which sometimes limits the size and placement of signage. Faced with these restrictions, local centers are not always able to locate signage close to the street, but do strive to make their centers as visible to the public as possible. . . .*
>
> *Both of these One-Stop Centers (Yolo Community Partnership Agency and Sonoma Job Link) contract with an agency that provides aid to the visual and hearing impaired as well as monolingual customers. They believe that they effectively handle all clients with impairments. These contracted individuals are*

available not only at intake but assist throughout the training as well. Self-service is an important feature of California's One-Stop Centers. The State will continue to encourage One-Stop Centers to use innovative approaches to ensure that information and services will be accessible to this customer group.

While it is true that a One-Stop Center located in one building is easier for customer flow, it is not always possible for centers to be located in one building. In urban California high real estate costs coupled with a shortage of suitable building sites may necessitate the location of One-Stops in multistory or multiple building complexes. . . .

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure that California implements WIA One-Stop requirements. By July 1, 2000, California needs to:

1. Include all WIA required One-Stop partners by:

   - ensuring SWIB and LWIBs appointed members represent all WIA required program partners: representatives from labor, government, education, low income, and a business majority; and

   - ensuring that all required partners are in place at the local level, including the Indian and Native American, and Job Corps programs.

2. Complete the designation of the local workforce investment areas and ensure they open a minimum of one physical center, in each local area, which provides access to all of the WIA required programs, services and activities.

3. Ensure local areas develop and execute comprehensive MOU agreements with all required partners which include provisions covering:

   - services to be provided;

   - the funding of services and operating costs; and

   - methods for referring customers between partners and services coordination.

4. Ensure local areas develop cost allocation plans that fairly charge One-Stop operating costs to benefitting partner programs.

5. Implement data collection and reporting systems which include all WIA elements.

6. Improve customer access to services through better use of signs to identify the One-Stop center and services offered.

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210

FEB 22 2000

MEMORANDUM FOR: RAYMOND L. BRAMUCCI
Assistant Secretary for
Employment and Training

FROM: JOHN J. GETEK
Assistant Inspector General
for Audit

SUBJECT: Connecticut's One-Stop Readiness Under the
Workforce Investment Act
Final Audit Report No. 02-00-206-03-390

The attached final report is submitted for your resolution action. We request a response to this report within 60 days. It is your office's responsibility to transmit the attached report to Connecticut's Department of Labor officials for resolution. However, we are providing a courtesy copy directly to them.

If you have any questions concerning this report, please contact Richard H. Brooks, Regional Inspector General for Audit at (212) 337-2566.

Attachment

cc: Robert Semler, ETA Region I
Eric Johnson, ETA WIA Implementation Task Force
James P. Butler, Connecticut Department of Labor

BEST COPY AVAILABLE

Connecticut's One-Stop Readiness Under the Workforce Investment Act

Report No.: 02-00-206-03-390
Date: FEB 22 2000

TABLE OF CONTENTS

PAGE

ACRONYMS i

EXECUTIVE SUMMARY 1

INTRODUCTION:

BACKGROUND 2

OBJECTIVES AND SCOPE 2

AUDIT RESULTS:

1. Opening Centers in Each Local Area 3

2. Including All WIA Required One-Stop Partners. 3

3. Establishing Agreements with Agencies Providing WIA Required Partner Services 4

4. Developing a Financial System Able to Meet One-Stop Needs Under WIA 4

5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA 5

6. Providing Access to Services at the One-Stop Centers 5

RECOMMENDATION 6

APPENDIX:

Connecticut Response to Draft Report 8

ACRONYMS

CETC	Connecticut Employment and Training Commission
CTDOL	Connecticut Department of Labor
ETA	Employment and Training Administration
JTPA	Job Training Partnership Act
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of the State of Connecticut's One-Stop career center system. The audit objective was to assess the status of Connecticut's One-Stop career center system relative to where it needs to be to meet Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of August 20, 1999, of where Connecticut stands in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998, to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is a One-Stop service delivery which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000.

AUDIT RESULTS

Connecticut has established a One-Stop center in each local area. However, Connecticut needs to address the following areas to meet the requirements for a One-Stop career center system under WIA:

- include required partners on the Local Workforce Investment Boards and required programs/services in the One-Stop system;
- develop and execute comprehensive Memoranda of Understanding with program partners;
- allocate a fair share of operating costs to all partner programs and other benefitting entities;
- develop required reports and expand the data collection system to include all required data elements; and
- Improve customer access to self-service activities.

The Commissioner of the Connecticut Department of Labor (CTDOL) responded to the draft report on December 21, 1999. The Commissioner generally recognized that changes needed to be made in its existing systems to comply with WIA by July 1, 2000. The response has been incorporated into the report with our comments, when appropriate, and included in its entirety as an Appendix.

INTRODUCTION

BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is a One-Stop service delivery which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provided further direction on WIA requirements.

In 1994, Connecticut was awarded a planning and implementation grant to establish a One-Stop system. The grant, as modified, provided $9.5 million in funding through September 1999.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of Connecticut's One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000. Subobjectives were to assess the status of Connecticut's One-Stop career center system in:

1. opening centers in each local area,
2. including all WIA required One-Stop partners,
3. establishing agreements with agencies providing WIA required partner services,
4. developing a financial system to meet One-Stop needs under WIA,
5. developing a data collection system to meet One-Stop needs under WIA, and
6. providing access to services at the One-Stop centers.

In performing this audit, we conducted interviews with officials from the Employment and Training Administration (ETA), CTDOL, and two One-Stop centers in the cities of Hartford and Hamden. We reviewed and analyzed minutes from State-level planning committee meetings, agreements for cost sharing and services to be provided, services for job seekers and employers, and other planning and implementation documents from various sources. We visited the Hartford, Hamden and Manchester One-Stop centers and a kiosk located in the Meriden Public Library. We did not assess One-Stop center performance, customer satisfaction, or customer choices. We also did not review internal controls relative to the One-Stop career center system.

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. We conducted fieldwork from August 2, 1999, to August 20, 1999. We held an exit conference with CTDOL officials on December 21, 1999.

AUDIT RESULTS

1. *Opening Centers in Each Local Area*

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible in at least one physical center in each local area of the State.

Connecticut has at least one physical One-Stop center in each of its 8 local areas, opening a total of 19 centers across the State. However, the State was unable to demonstrate that each local area had at least one full service One-Stop center providing core services as required under WIA Section 134(d)(2).

In its response, CTDOL stated:

> *". . . Under the Workforce Investment Act we will be required to have at least eight full service centers with all the required partners and services. . . ."*

2. *Including All WIA Required One-Stop Partners*

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those entities that carry out specific employment, training and education programs and activities. WIA requires the program partners be accessible through One-Stop centers and be represented on State and local Workforce Investment Boards.

One-Stop Career Centers

Connecticut's One-Stop career center system did not meet the WIA requirement for including all WIA required partners in the system. Connecticut does not have a plan or existing agreements with program partners at either the State or local levels which would indicate a partner's participation through the One-Stop career center system. Connecticut has not taken steps to ensure that specific customer groups, such as those served through the Migrant and Seasonal Farmworkers and Indian and Native American programs, are served through the One-Stop career center system.

State Workforce Investment Board

In February 1999, the Governor designated the Connecticut Employment and Training Commission (CETC) as the State Workforce Investment Board. CETC was created in 1989, to carry out the duties and responsibilities of the State Job Training Coordinating Council pursuant to the Job Training Partnership Act (JTPA). CETC complies with the alternative entity criteria

of WIA Chapter 3, Section 111(e), and is substantially similar to a WIA compliant board in membership with members representing most of the required program partners under WIA. If there is a change in membership structure, the CETC will have to be reconstituted to fully comply with WIA.

Local Workforce Investment Boards

During the audit, each local area had a Workforce Investment Board which was established under JTPA rules. However, CETC had not yet settled the issue of local Workforce Investment Board composition, whether to grandfather in the existing board or reconstitute the board according to WIA requirements. State staff believed the local boards would be grandfathered in. After concluding fieldwork, we were informed by ETA that the CETC had decided to reconstitute the local boards according to the requirements of WIA. We have not examined the membership of the reconstituted boards.

3. *Establishing Agreements with Agencies Providing WIA Required Partner Services*

20 CFR 662.230(c) states that all WIA required partners must:

> *"Enter into a memorandum of understanding (MOU) . . . relating to the operation of the One-Stop system . . . including a description of services, how the cost of the identified services and operating costs of the system will be funded, and methods of referral."*

Connecticut was unable to provide us with executed memoranda of understanding with WIA required program partners or agreements addressing commitments of funding as well as service delivery.

4. *Developing a Financial System Able to Meet One-Stop Needs Under WIA*

WIA, Subtitle E, Section 184(a)(1) requires each State establish fiscal controls and fund accounting procedures. The Interim Final Rule under 20 CFR 662.270 provides further direction, stating:

> *". . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . ."*

CTDOL administers the One-Stop system for the State and operates the One-Stop centers at the local level. CTDOL has an accounting system which is adequate for capturing center operating

costs in aggregate. However, CTDOL does not have an allocation method in place for fairly charging One-Stop center operating costs to benefiting partner programs.

5. ***Developing a Data Collection System Able to Meet One-Stop Needs Under WIA***

WIA, Subtitle B, Chapter 6, Section 136(d)(2) requires that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services.

Connecticut has not expanded its data collection system to include data elements needed for WIA required reports. Connecticut One-Stop career centers use multiple data collection systems to collect and report customer activities. Each program partner uses its own data collection system and provides that information to CTDOL who merges the data for the One-Stop system-wide reports. However, the data collection system needs to be upgraded to include WIA required data elements such as retention in unsubsidized employment after 12 months, return on investment linking the cost of workforce investment activities to the outcomes, and training provider effectiveness.

6. ***Providing Access to Services at the One-Stop Centers***

The introduction to the Interim Final Rule (page 18668-9), states that One-Stop delivery systems should be user friendly and local boards should coordinate with the broader community, including transportation agencies to ensure the centers are accessible to all customers.

We visited three One-Stop career centers and a kiosk site. We found the centers offer self-service and staff assisted services while the kiosk was limited to self-service. Facilities were clean and well equipped with standard and specialized equipment for visually, hearing and mobility impaired persons. The aisles were wide enough to accommodate wheelchairs. Free parking, including designated handicapped spaces, was available and access to public transportation was available.

UI activities dominate the One-Stop centers leaving the impression that the centers are not user friendly and conducive for self-service. In two of the three offices visited, the layout is designed to accommodate UI customer flow which requires individual service rather than the One-Stop concept of universal access and self-service. The entrance areas of the centers were designed to serve UI claimants and to contain customer flow with an orderly queue for individualized service.

Center computers are configured to minimize the risk of damage by the public and utilize programs which are user friendly. However, access to information via center computers could be improved.

- The general public can use the computer to find jobs listed on the State's automated labor exchange system without registering with the center. The customer can search for a job by a specific location or occupational title. However, the State's jobs listing does not contain full employer information and if customers find jobs that they are interested in, they then need to register with the One-Stop center and speak with center staff to obtain the necessary information.

- To access computers in the resource room, the customer needs to attend orientation, register with the One-Stop and obtain a card which allows them access to the resource room. These computers have word processing capabilities, resume writing programs as well as job listings, labor market information, and Internet access. Also, the resource room computers have access to the same jobs listing as the general public computers, with the same restriction that the customer needs to contact center staff to get complete employer information.

In its response, CTDOL stated:

> *"The first sentence . . . indicates our centers leave the impression of being dominated by UI activities. The auditors happen to visit the Hartford Connecticut Works on a Monday after our Voice Response system had malfunctioned on Sunday. UI customers were unable to enter their continued claims by telephone and therefore the office had an unusually high flow of UI customers. . . ."*

During our visit to the Hartford One-Stop center, we inquired about the seemingly high volume of UI customers and were informed that it was normal for a Monday. We followed up on this issue at the Hamden One-Stop center and were told that there is usually a higher number of UI customers on Mondays than any other day. Currently, Connecticut has automated continuing claims with its Voice Response system but UI customers filing initial claims and those with fact finding issues are still served individually.

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure Connecticut continues its efforts to implement WIA requirements. Connecticut needs to:

1. Include all WIA required One-Stop partners by ensuring:

   -- the local Workforce Investment Boards are reconstituted in conformity with WIA requirements and all WIA required partner programs are represented.

-- the required programs and services are linked into the One-Stop career center system and accessible throughout the State.

2. Ensure the local Workforce Investment Boards develop and execute comprehensive memoranda of understanding with all WIA required partners which include provisions covering:

   -- services to be provided,
   -- the funding of services and operating costs, and
   -- methods for referring customers between partners and services coordination.

3. Develop cost allocation plans that fairly charge One-Stop operating costs to partner programs and other benefiting entities.

4. Develop the WIA required reports and expand the data collection system to include all WIA required data elements.

5. Improve customer access to self-service activities.

CTDOL Response

"In response to your Recommendation section on the five issues to be addressed, the following is an update from the time of the audit:

1. Connecticut has decided to reconstitute its Workforce Development Boards, rather than grandfather them.

2 The Office of Workforce Competitiveness has begun to work with the required partners to develop agreements around services, cost and referring customers.

3. The Office of Workforce Competitiveness and the Office of Policy Management are working on developing allocation methods to fairly charge operating costs to partners.

4. The Performance Measurement Unit and JTPA Monitoring are working on data collection for required reports under WIA.

5. CTDOL continues to work on unsuppressing our job bank to improve self-services to customers as indicated in our WIA Five-Year Plan."

Connecticut Department of Labor
Working with you for a better future.

James P. Butler
Commissioner

December 21, 1999

Mr. Richard H. Brooks
Regional Inspector General for Audit
Office of Inspector General
201 Varick Street
New York, New York 10014

Dear Mr. Brooks:

We have reviewed the Draft Report - Connecticut's One-Stop Readiness under the Workforce Investment Act. The Connecticut Department of Labor is in agreement with the five issues, as previously indicated during the August 2, 1999, through August 20, 1999, audit and not October 7, 1999, as indicated in the Executive Summary. We have been working diligently to comply with the requirements of the Act for July 1, 2000.

We did have some concerns about the content of the Audit Results. Some of the information contained in the Draft Report requires clarification before the report is final.

In the Audit Results, page 2, second paragraph, third sentence, it states that state officials were unable to identify all of the programs accessible through the One-Stop career centers across the state. We provided all the information on each of our centers and informed the auditors that each center has a fact sheet on our web site with information on services and programs offered. Clarification is also needed as to the statement on two types of centers. Connecticut's One-Stop system was designed to be universal, realizing varying levels of integration and services may be offered from center to center. Under the Workforce Investment Act we will be required to have at least eight full service centers with all the required partners and services.

Under the Audit Results, in Providing Access to Services at the One-Stop Centers, page 5, paragraph 3, the information is not clear. The first sentence indicates our centers leave the impression of being dominated by UI activities. The auditors happened to visit the Hartford *Connecticut Works* on a Monday after our Voice Response system had malfunctioned on Sunday. UI customers where unable to enter their continued claims by telephone and therefore the office had an unusually high flow of UI customers. The staff in the Hartford *Connecticut Works* handled the situation effectively by triaging customers as they walked through the door. They immediately separated customers with continued claim problems from customers there for other services. As explained to the auditors,

Telephone (860) 263-6505 Fax (860) 263-6529
An Equal Opportunity/Affirmative Action Employer
200 Folly Brook Boulevard, Wethersfield, CT 06109-1114

this scenario is not an every day occurrence. We receive praise from users for our self-service, use of technology, content of job search information and our friendly, knowledgeable staff in our career centers.

The last sentence, Page 5, Paragraph 3, states that new One-Stop customer orientation is daily in Hartford, but only in the afternoons because UI fact-finding is scheduled in the mornings. These two services are not connected to each other and do not utilize the same staff. The orientations are given on the first floor and the fact-finding hearings are on the second floor. Fact-findings are scheduled all day long and have no impact on the scheduling of orientation.

In response to your Recommendation section on the five issues to be addressed, the following is an update from the time of the audit:

1. Connecticut has decided to reconstitute its Workforce Development Boards, rather than grandfather them.

2. The Office of Workforce Competitiveness has begun to work with the required partners to develop agreements around services, cost and referring customers.

3. The Office of Workforce Competitiveness and the Office of Policy Management are working on developing allocation methods to fairly charge operating costs to partners.

4. The Performance Measurement Unit and JTPA Monitoring are working on data collection for required reports under WIA.

5. CTDOL continues to work on unsuppressing our job bank to improve self-services to customers as indicated in our WIA Five-Year Plan.

Sincerely,

James P. Butler
Commissioner

Florida's One-Stop Readiness Under the Workforce Investment Act

Report No: 02-00-211-03-390
Date:

TABLE OF CONTENTS

PAGE

ACRONYMS i

EXECUTIVE SUMMARY 1

INTRODUCTION

BACKGROUND 2

OBJECTIVES AND SCOPE 2

AUDIT RESULTS:

1. Opening Centers in Each Local Area 3

2. Including All WIA Required One-Stop Partners 3

3. Establishing Agreements with Agencies Providing WIA Required Partner Services 4

4. Developing a Financial System Able to Meet One-Stop Needs Under WIA 5

5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA 5

6. Providing Access to Services at the One-Stop Centers 6

RECOMMENDATION 7

APPENDIX:

Florida's Response to Draft Report 8

ACRONYMS

EFI	Enterprise Florida Incorporated
ETA	Employment and Training Administration
FDLES	Florida Department of Labor and Employment Security
FRED	Florida Research and Economic Database
JTPA	Job Training Partnership Act
MOU	Memorandum of Understanding
WDB	Workforce Development Board
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of Florida's One-Stop career center system. The audit objective was to assess the status of Florida's One-Stop career center system relative to where it needs to be to meet Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of December 9, 1999, of where Florida stood in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each local area. WIA requires that states complete full implementation by July 1, 2000.

AUDIT RESULTS

Overall, Florida's One-Stop career center system, which comprises 24 local areas, was close to meeting WIA requirements. At the time of the audit, Florida's State Workforce Development Board (WDB) considered three of the local areas fully WIA compliant. The State has addressed WIA requirements for full-service One-Stop centers and Memoranda of Understanding (MOUs) with various partners. Also, Florida's well developed data collection systems can be expanded to capture additional information needed for WIA reporting. However, Florida needs to continue its efforts in the following areas to meet requirements for a One-Stop career center system:

- developing and improving methods to equitably allocate costs;
- expanding data collection and reporting; and
- improving access for the disabled at One-Stop centers.

The Secretary of the Florida Department of Labor and Employment Security (FDLES) responded to the draft report on March 1, 2000. The Secretary outlined actions taken since fieldwork, and we have revised our draft report accordingly. The response has been incorporated in the report and included in its entirety as an Appendix.

INTRODUCTION

BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery which unifies numerous training, education, and employment programs into a single customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provide further direction on WIA requirements.

In 1992, the Florida Legislature created Enterprise Florida, Incorporated (EFI), a public-private partnership between the State's business, government and education sectors, to advance Florida's competitiveness, including a high-skill workforce. EFI's WDB serves as the State's Workforce Investment Board, providing policy, planning and oversight for job training and workforce programs.

In 1994, FDLES was awarded a planning and implementation grant to develop a One-Stop system. The grant as modified provided $18 million in funding through June 30, 2000. As of September 30, 1999, FDLES reported expenditures of $10 million and unliquidated obligations of $8 million.

Florida developed a unified state plan that encompassed Wagner-Peyser and early implementation of WIA Title I beginning July 1, 1999. The Employment and Training Administration (ETA) authorized Florida to implement the State plan on July 1, 1999, according to the State's transition time frames, but withheld full approval of the State plan, requesting further information and pending negotiation of performance levels. Florida has until April 1, 2000, to revise the plan to ensure plan approval by July 1, 2000.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of Florida's One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000. Sub-objectives were to assess the status of Florida's One-Stop career center system in:

1. opening centers in each local area,
2. including all WIA required One-Stop partners,
3. establishing agreements with agencies providing WIA required partner services,
4. developing a financial system to meet One-Stop needs under WIA,
5. developing a data collection system to meet One-Stop needs under WIA, and
6. providing access to services at the One-Stop centers.

In performing this audit, we conducted interviews with officials from ETA, FDLES, three local boards (First Coast, Brevard, and the Training and Employment Council of South Florida), and four One-Stop centers in the cities of Orange Park, Titusville, Hialeah, and Miami. We reviewed and analyzed minutes

from State planning committee meetings, agreements for cost sharing and services to be provided, services for job seekers and employers, and other planning and implementation documents. We did not assess One-Stop center performance, customer satisfaction, or customer choices. We also did not review internal controls relative to the One-Stop career center system.

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Fieldwork began on November 15, 1999, and ended on December 9, 1999. We held an exit conference with FDLES officials on March 8, 2000.

AUDIT RESULTS

1. *Opening Centers in Each Local Area*

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible in at least one physical center in each local area of the state.

Florida's 24 local areas independently developed One-Stop systems under the general guidance of the WDB. Based on discussions with EFI officials and a review of local area plans, each local area operated at least one full service One-Stop center. In addition, there were satellite offices located throughout the State, many situated at local education facilities or community service organizations, where customers could access Florida's One-Stop system. In total, there were approximately 150 designated One-Stop facilities statewide.

2. *Including All WIA Required One-Stop Partners*

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those entities that carry out specific employment, training and education programs and activities. WIA requires that program partners be represented on the State and local Workforce Investment Boards, and accessible through the One-Stop centers.

State Workforce Investment Board

In 1996, the Florida Legislature enacted the Workforce Florida Act which designated EFI's WDB as the State board pursuant to the Job Training Partnership Act (JTPA). The WDB complies with the alternative entity criteria for a State Workforce Investment Board under WIA Chapter 3, Section 111(e).

The 1999 Amendments to the Workforce Florida Act requires that the WDB develop a transition plan to reconstitute the board in conformity with WIA requirements. Florida intends to have the transition

plan by June 2000. We reviewed WDB membership as of December 9, 1999, and noted the following:

- WIA requires a business majority on the State board, but the WDB had 33 members with only 6 designated as business representatives.
- WIA requires two members from each chamber of the State legislature, but two Florida House member positions on the WDB were vacant.
- WIA requires representation from required One-Stop program partners, but partners, such as the Department of Community Affairs were not on the board.

While Florida law allows additional members to be appointed to comply with WIA, it was not clear if these appointments had voting rights.

Local Workforce Investment Boards

Florida requires that local boards be certified as WIA compliant by July 2000. At the time of the audit, the WDB had certified 17 of the 24 local boards. The remaining seven were approved pending appointments to fill board vacancies. We reviewed the criteria used by the WDB to certify local boards and believe the criteria should result in compliant boards.

One-Stop Centers

WIA required program partners were either collocated at One-Stop centers, or accessible through electronic linkages and referrals.

3. *Establishing Agreements with Agencies Providing WIA Required Partner Services*

20 CFR 662.230(c) states that all WIA required partners:

> *Enter into a memorandum of understanding (MOU) with the local Board relating to the operation of the One-Stop system . . . including a description of services, how the cost of the identified services and operating costs of the system will be funded, and methods of referral.*

To assist local areas in developing agreements with partners, Florida developed a sample MOU which addresses cost, resource sharing, and services. The WDB approved MOUs in 12 of the 24 local areas, and returned MOUs for the other 12 local areas with comments. We reviewed two of the approved MOUs and determined that the MOUs met WIA requirements.

In its response, FDLES stated:

Comprehensive MOUs have been submitted by each of the 24 regional workforce development boards and all have now been approved.

4. ***Developing a Financial System Able to Meet One-Stop Needs Under WIA***

WIA, Subtitle E, Section 184(a)(1) requires that each state establish fiscal controls and fund accounting procedures. 20 CFR 662.270 provides further direction, stating:

> *. . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . .*

At the State level, the WIA financial system was primarily an oversight function. FDLES's Office of Compliance was assigned responsibility for conducting fiscal reviews of local area financial systems. Florida has an adequate fiscal monitoring program to ensure that local area financial systems properly account for WIA expenditures.

At the local level, 12 of the 24 local areas had cost allocation methods to ensure that a fair share of operating costs will be allocated to benefitting programs. The State was working with the remaining 12 local areas to develop equitable methods for allocating costs.

FDLES responded:

> *The MOUs submitted by most regional workforce development boards now cover cost sharing agreements. Efforts to develop and improve cost sharing agreements will continue. This will include the development of methods to equitably allocate information technology system costs among partners.*

5. ***Developing a Data Collection System Able to Meet One-Stop Needs Under WIA***

WIA Subtitle B, Chapter 3, Section 122(d)(1) and Chapter 6, Section 136(d)(2) require that a One-Stop data collection system be able to collect and report certain data elements for training providers and all customers who receive more than self-service and informational services. Florida had well developed data collection systems which can be expanded to report on WIA performance, as presented below.

- The JTPA participant management system, designed to track participant activity statewide for the JTPA program, now provides the basic framework for a WIA participant case management and reporting system. EFI officials indicated they were in the process of replacing the JTPA system with a WIA management information system.

- The State Department of Education tracks outcomes of students after they complete training. FDLES matches the students with quarterly unemployment insurance wage records at 6 months, 1 year, and 3 years after training completion. The WDB uses the combined information to set local area performance standards.

- The Florida Research and Economic Database (FRED) provides State and local area economic and demographic data by bringing together a number of separate data bases. FRED was still under development.

- Florida was in the process of developing a system to report return on investment information linking outcome and cost data, and training provider completion rates. It was also developing data interchange standards for sharing local board information.

FDLES responded:

> *The existing Job Training Partnership Act (JTPA) system has been modified to accommodate WIA reporting instructions. Florida has submitted the first two quarterly WIA reports to the social policy research associates using the draft Workforce Investment Act Standardize Record (WIASR) instructions provided by the United States Department of Labor (USDOL) on September 23, 1999.*
>
> *A rewritten WIA reporting system using the JTPA computer and database has been developed. This modified system incorporates all of the data elements contained in the draft WIASR of September 23, 1999. A statewide meeting to train regional workforce development boards was held on February 22, 2000. Further modification of the system to include additional elements is pending final decisions by USDOL.*

6. ***Providing Access to Services at the One-Stop Centers***

The introduction to the Interim Final Rule (page 18668-9), states that One-Stop delivery systems should be user friendly and local boards should coordinate with the broader community, including transportation agencies, to ensure that centers are accessible to all customers.

We toured four One-Stop centers in three local areas and found varying degrees of user friendliness. At each center, free parking, including designated handicapped spaces, was available. The centers provided customers with self-service access to the FDLES Job Information System job listings. Although those job listings did not contain full employer data, further information was available from center staff.

All of the centers need to improve access for people with disabilities. Centers need to provide equipment for mobility and visually impaired individuals. For example, the Orange Park center had Job Information System terminals on shelves four feet above the floor, which were not readily accessible

from a wheelchair, and its resource room was a small room in the back of the office. Orange Park officials indicated that they intend to remodel the resource room based on the Titusville design.

The Titusville center presented a welcoming atmosphere with the resource room being the central focus. It had a library area, phone banks, printers, fax machines, and computers with Internet access and "home screens" with occupation and education related site links. The board supplemented Brevard county's limited public transportation system with a 15 passenger van owned by the State's Work and Gain Economic Self-sufficiency program. This center also had non-traditional services donated by companies and individuals. These services included: "Joshua's Closet" which provided business clothes for job seekers, a local dry cleaner to prepare the clothes for customers, and a local financial counseling company to provide assistance for customers with financial problems.

The Hialeah and Miami South Central One-Stop centers both had bus service and the bus stop at Hialeah was a hub for several bus routes. Resource rooms had phone banks, printers, fax machines, and computers with Internet access and "home screens" with occupation and education related site links. Resource rooms were located near the rear of both centers and not readily visible when customers first enter. However, this was done to take advantage of pre-existing layout features, such as network wiring, located near the rear of each center. The Miami centers used video conferencing and "backrooms" to provide access to various program partners. This allows clients at centers without a particular program to have a video conference with the program person to establish eligibility and complete required forms.

FDLES responded:

> *Improving the access and accommodation for all customers within the One-Stop career center system is an ongoing initiative. A video entitled "One-Stop: Access for Everyone" has been distributed. One-Stop career center system site visits are underway and now include a component to review accessibility issues. As sites are remodeled or expanded and One-Stop partners move into newly designed office space, access issues will continue to be addressed.*

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensures that Florida continues its efforts to implement WIA requirements. By July 1, 2000, Florida needs to:

- develop and improve methods to equitably allocate costs;
- expand data collection and reporting; and
- improve access for the disabled at One-Stop centers.

Illinois' One-Stop Readiness Under the Workforce Investment Act

Report No: 02-00-209-03-390
Date: March 14, 2000

TABLE OF CONTENTS

PAGE

ACRONYMS i

EXECUTIVE SUMMARY 1

INTRODUCTION

BACKGROUND 2

OBJECTIVES AND SCOPE 2

AUDIT RESULTS

1. Including All WIA Required One-Stop Partners 3

2. Opening Centers in Each Local Area 4

3. Establishing Agreements with Agencies Providing WIA Required Partner Services 5

4. Developing a Financial System Able to Meet One-Stop Needs Under WIA 5

5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA 6

6. Providing Access to Services at One-Stop Centers 8

RECOMMENDATION 8

APPENDIX:

Illinois' Response to Draft Report 10

ACRONYMS

DCCA	State of Illinois, Department of Commerce and Community Affairs
ETA	U.S. Department of Labor, Employment and Training Administration
FSR	Financial Status Report
GRS	Grantee Reporting System
INA	Indian and Native American Programs
JTPA	Job Training Partnership Act
LWIB	Local Workforce Investment Board
MOU	Memorandum of Understanding
TRAC	Training Resource Assistance and Coordination
UI	Unemployment Insurance
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of Illinois' One-Stop career center system. The audit objective was to assess the status of Illinois' One-Stop career center system relative to where it needs to be to meet Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of December 6, 1999, of where Illinois stands in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000.

AUDIT RESULTS

Illinois has made significant progress in implementing the One-Stop career center system and has taken a methodical approach to ensuring that the system complies with WIA requirements. Using funds from the One-Stop implementation grant awarded in 1995, Illinois opened 56 One-Stop centers across the 26 designated local areas. It also established necessary committees, task forces and workgroups to address issues relating to the implementation of the One-Stop system under WIA. In July 1999, Illinois replaced the State's Human Resource Investment Council established under the Job Training Partnership Act (JTPA) with the Illinois Workforce Investment Board.

We visited three One-Stop centers and found them to be user friendly and accessible. However, to fully meet the requirements for a One-Stop career center system under WIA, Illinois needs to continue its efforts in the following areas:

- establishing Local Workforce Investment Boards (LWIBs);
- ensuring that local partners develop and execute comprehensive Memoranda of Understanding (MOUs);
- ensuring that One-Stop centers allocate a fair share of operating costs to benefitting partner programs; and
- revising the data collection system to include WIA required elements and reports and developing training provider certification procedures.

The Manager of the Job Training Division of Illinois' Department of Commerce and Community Affairs (DCCA) responded to the draft report on March 3, 2000. The Manager outlined actions taken after fieldwork and plans to achieve WIA compliance. The response has been incorporated into the appropriate sections of the report and included in its entirety as an Appendix.

INTRODUCTION

BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is the One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provided further direction on WIA requirements.

Illinois was awarded an implementation grant in 1995 to establish a One-Stop system. The grant, as modified, provided $15,308,688 in funding through September 30, 2000. As of September 30, 1999, Illinois had reported expenditures of $13,019,512 and unliquidated obligations of $1,874,292.

In September 1999, Illinois submitted Phase I of a three-phase State plan for WIA implementation to the Employment and Training Administration (ETA). Phase I describes the reconstituted State workforce investment board and the State's plan for establishing LWIBs. Phase II will outline the State's plan for the WIA Title I youth program scheduled to begin April 2000. Phase III will address the WIA Title I adult and dislocated worker programs and Wagner-Peyser programs scheduled to begin July 1, 2000.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of Illinois' One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000. Subobjectives were to assess the status of Illinois' One-Stop career center system in:

1. including all WIA required One-Stop partners,
2. opening centers in each local area,
3. establishing agreements with agencies providing WIA required partner services,
4. developing a financial system able to meet One-Stop needs under WIA,
5. developing a data collection system able to meet One-Stop needs under WIA, and
6. providing access to services at One-Stop centers.

In performing this audit, we conducted interviews with ETA, State and One-Stop career center officials. We reviewed and analyzed One-Stop partnership agreements, services for job seekers and employers, One-Stop plans and other documents from various program sources. We made on-site visits to the Chicago Mid-South, Lombard and Olney One-Stop centers. We did not assess One-Stop

career center performance, customer satisfaction, or customer choices. We did not review internal controls related to the One-Stop career center system.

The audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We conducted fieldwork from November 16, 1999 to December 6, 1999, and held an exit conference with DCCA on December 6, 1999.

AUDIT RESULTS

1. *Including All WIA Required One-Stop Partners*

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those entities that carry out specific employment, training, and education programs and activities. WIA requires that program partners, including Job Corps and Indian and Native American (INA) programs, be represented on the workforce investment boards and be accessible through the One-Stop career centers.

Illinois' One-Stop career center system did not meet the WIA requirement for including all required partners in the system. The State board membership did not include all required programs and local boards were not established.

State Workforce Investment Board

Illinois reconstituted the State workforce investment board in July 1999. However, the State board did not meet WIA representation requirements. We reviewed State board membership as of November 18, 1999, and noted that Job Corps and INA programs were not represented.

In its response, DCCA stated:

> *The Governor's office has appointed representatives of the Job Corps and INA to the State board.*

Local Workforce Investment Boards

LWIBs were not established as of December 6, 1999. In August 1999, the Governor issued LWIB appointment criteria to local elected officials that required representation of WIA program partners on local boards.

One-Stop Career Centers

Most of the required program partners were either located at the One-Stop career centers or accessible through referrals. Employment Services, Unemployment Insurance (UI) and JTPA adult, dislocated worker and youth programs were co-located in One-Stop centers. Other required program partners were either located at centers or available through referrals. However, at the Mid-South center, a linkage was not established with an INA program present in the local area.

2. ***Opening Centers in Each Local Area***

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible in at least one physical center in each local area of the state. Illinois has identified 26 workforce investment areas in the State and needs to have at least one center that provides access to required programs and services in each of its designated local areas.

The State has made substantial progress in meeting this requirement. Illinois established 56 One-Stop centers which are designed to be full-service centers and provide access to required programs and services. There was at least one center in each local area, and 18 of the 26 local areas had more than one center. In addition, there were 25 satellite offices located throughout the State where customers can access Illinois' One-Stop system.

One-Stop centers were subject to a certification process. To be certified, each One-Stop center must provide, among other things, access to programs funded by U.S. Department of Labor, and access to career and employment information and services, including performance information on training providers. Each One-Stop center becomes certified after an independent onsite review is performed by an assessment team consisting of State and local staff and approval by the State board. As of December 6, 1999, 48 of the 56 One-Stop centers were certified. Two additional One-Stop centers have undergone a review by an assessment team but are waiting for State board approval. The remaining six One-Stop centers had not submitted an application for certification.

3. ***Establishing Agreements with Agencies Providing WIA Required Partner Services***

WIA, Title I, Subtitle B, Chapter 3, Section 121(c)(2)(A) states that each MOU shall contain provisions describing:

(i) the services to be provided through the one-stop delivery system;

(ii) how the costs of such services and the operating costs of the system will be funded;

(iii) methods for referral of individuals between the one-stop operator and the one-stop partners, for the appropriate services and activities; and

(iv) the duration of the memorandum and the procedures for amending the memorandum during the term of the memorandum. . . .

LWIBs and local One-Stop partners did not have compliant MOUs. The State Board's One-Stop Coordinating Committee organized a workgroup which issued recommendations, including illustrations of possible MOU structures and recommended MOU outline. However, Illinois officials indicated that MOUs will not be in place by July 1, 2000. LWIBs and local partners are scheduled to execute and submit MOUs to the State by August 1, 2000. The State has not instituted any incentives or penalties for not completing MOUs by the deadline.

DCCA stated:

The state has informed local boards that MOUs must be fully executed by August 1, 2000, per the states federally approved Phase I WIA Implementation Plan.

4. ***Developing a Financial System Able to Meet One-Stop Needs Under WIA***

WIA, Title I, Subtitle E, Section 184(a)(1) requires that each state establish fiscal controls and fund accounting procedures. 20 CFR 662.270 provides further direction, stating:

. . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . .

Illinois has an adequate fiscal monitoring program to ensure that local area financial systems will be able to properly account for WIA expenditures. However, One-Stop centers did not have a cost allocation method which ensured that a fair share of operating costs was allocated to benefiting programs.

State Financial System for WIA

At the State level, the WIA financial system will be primarily an oversight function modeled on the current JTPA system. Through the use of subgrants, the State transmits funds to local areas which maintain their own financial systems. Each local area reports its expenditures to the State through the Grantee Reporting System (GRS). Based on the expenditures reported on the GRS, the State

prepares the Financial Status Reports (FSRs) which are submitted to ETA. For the One-Stop implementation grant, costs reported by subgrantees on the GRS and administrative costs incurred by the State as of September 30, 1999, agreed with the FSR for the period.

Currently, the Office of Grant Administration in DCCA is charged with monitoring fiscal operations of subgrantees. Discussions with DCCA officials and a review of fiscal monitoring instruments showed that DCCA has a fiscal monitoring program to ensure that local area financial systems will be able to properly account for WIA expenditures.

One-Stop Center Cost Allocation

One-Stop centers did not have a method to allocate a fair share of operating costs to benefitting partner programs. Centers were operated by a consortium of onsite program partners. One program partner served as the center operator. Facility costs were allocated via "lease agreements" where a partner paid a portion of the cost based on square footage or other negotiated basis. The lease agreements, however, did not adequately address allocation of other common costs, such as the cost of resource rooms and marketing. The State was aware that lease agreements were not sufficient to meet WIA needs for cost allocation purposes and scheduled a retreat for December 1999, to develop a new cost allocation model.

DCCA stated:

> *The state plans to take whatever steps are necessary to ensure that all benefiting partners programs are allocated a fair share of one-stop center costs under WIA.*

5. ***Developing a Data Collection System Able to Meet One-Stop Needs Under WIA***

WIA, Title I, Subtitle B, Chapter 6, Section 136(d)(2) requires that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services. Illinois did not meet WIA requirements for data collection but is developing WIA required reports and expanding its data collection system to include all WIA elements.

One-Stop centers use multiple data collection systems to collect and report customer activities. Each program partner uses its own data collection system such as the On-line Data and Display System for the Wagner-Peyser program and the Training Resource Assistance and Coordination (TRAC) system for JTPA. Illinois plans to utilize the TRAC system for WIA Title I data collection and reporting purposes and was in the process of expanding the TRAC system. Our limited testing showed that TRAC accurately reflects services received by customers. Illinois was using ETA guidelines, *Proposed Checklist for a WIA Standardized Record (WIASR)* and *Consultation Paper on Performance Accountability Measurement for the Workforce Investment System under Title I of the*

Workforce Investment Act, to ensure that TRAC collects and reports on the WIA required data elements.

Illinois is also developing procedures for certifying WIA eligible training providers and has taken steps to obtain wage information from neighboring states. Illinois held a series of forums across the State to discuss issues concerning initial eligibility of training providers and plans to hold additional forums on subsequent eligibility. At the time of fieldwork, the State board's Accountability and Research Committee was planning to make policy recommendations for initial certification by January 2000. To obtain interstate wage information needed for measuring State and local performance measures, Illinois has agreements with Iowa, Indiana, and Missouri to share wage data. Illinois was working on establishing similar agreements with Kentucky and Wisconsin.

DCCA responded:

> *The Department of Commerce and Community Affairs (DCCA) has contracted for the technical assistance needed to modify TRAC. This action ensures that the TRAC will comply with the data collection and reporting requirements of WIA by July 1, 2000. . . .*
>
> *At its January 18th meeting, the Illinois Workforce Investment Board approved the proposed provider certification policy for initial certification. . . . It also sets the foundation for the development of provider certification policy for subsequent eligibility during the next 18 months.*
>
> *The state is also in the process of developing a UI data warehouse and operationalizing a data exchange strategy to support the emerging provider certification and consumer reporting systems. . . .*
>
> *Since the OIG's visit, Governor Ryan has proposed relocating the Job Training Division of the Illinois Department of Commerce and Community Affairs to the Illinois Department of Employment Security (IDES). When completed, this move will place the TRAC, provider certification, and consumer reporting systems under the management of IDES. With the operations of these data systems managed by the same administrative entity, the opportunities to integrate their operations are expected to be enhanced. The end result will be a more streamlined process for collecting, managing, and reporting program information.*

6. ***Providing Access to Services at One-Stop Centers***

The introduction to the Interim Final Rule (Federal Register, Volume 64, Number 72, dated April 15, 1999, page 18668-9), states that One-Stop delivery systems should be user friendly and local boards should coordinate with the broader community, including transportation agencies, to ensure the centers are accessible to customers.

We toured three One-Stop career centers and found them to be user friendly and accessible. We visited the Chicago Mid-South, Lombard, and Olney centers. All three centers delivered services through self and staff assisted service. They had receptionists who directed customers to the appropriate area or staff. Facilities were clean and staff work areas were well laid out with aisles wide enough to accommodate wheelchairs. Free parking, including designated handicap parking spaces, was available at the centers. General meeting and training rooms were also available. Two of the three centers were accessible by public transportation. The Olney One-Stop center serves a local area which is mainly rural and was located in a community which did not have a public transportation system.

Resource areas were well equipped. Computers were user friendly and included links to occupation related Internet sites. The State job listing did not contain full employer information, but additional information was available from center staff. Staff was available to assist customers and demonstrate equipment usage.

UI initial claims were still part of the centers, but did not appear to affect client flow. For example, the Mid-South center, which has a significant number of UI customers, reserved an area off to the side of the reception desk for UI customers to minimize lines and disruptions. A receptionist at the center directs UI customers to this area where "floaters" provide assistance with claim forms and questions.

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure that Illinois implements WIA One-Stop requirements. Illinois needs to:

1. include all WIA required partners by ensuring that LWIBs are established in conformity with WIA requirements and include representatives from the JTPA national programs such as INA programs;

2. ensure that LWIBs execute timely and comprehensive MOUs with all WIA required partners;

3. ensure that One-Stop centers allocate a fair share of operating costs to benefitting partner programs; and

4. complete the revision of the TRAC system to comply with data collection and reporting requirements under WIA and the development of training provider certification procedures.

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210

FEB 22 2000

MEMORANDUM FOR: RAYMOND L. BRAMUCCI
Assistant Secretary for
Employment and Training

FROM: JOHN J. GETEK
Assistant Inspector General
for Audit

SUBJECT: New York's One-Stop Readiness Under the Workforce Investment Act
Final Audit Report No. 02-00-207-03-390

The attached final report is submitted for your resolution action. We request a response to this report within 60 days. It is your office's responsibility to transmit the attached report to New York State's Department of Labor officials for resolution. However, we are providing a courtesy copy directly to them.

If you have any questions concerning this report, please contact Richard H. Brooks, Regional Inspector General for Audit at (212) 337-2566.

Attachment

cc: Marilyn K. Shea, ETA Region III
Eric Johnson, ETA WIA Implementation Task Force
James T. Dillon, New York State Department of Labor

BEST COPY AVAILABLE

New York's One-Stop Readiness Under the Workforce Investment Act

Report No.: 02-00-207-03-390
Date: FEB 22 2000

TABLE OF CONTENTS

PAGE

ACRONYMS i

EXECUTIVE SUMMARY 1

INTRODUCTION

BACKGROUND 2

OBJECTIVES AND SCOPE 2

AUDIT RESULTS:

1. Including All WIA Required One-Stop Partners 3

2. Opening Centers in Each Local Area 4

3. Establishing Agreements with Agencies Providing WIA Required Partner Services 4

4. Developing a Financial System Able to Meet One-Stop Needs Under WIA 4

5. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA 5

6. Providing Access to Services at the One-Stop Centers 5

RECOMMENDATION 6

APPENDIX:

New York State's Response to Draft Report 9

ACRONYMS

ETA	Employment and Training Administration
HUD	Housing and Urban Development
JTPA	Job Training Partnership Act
LWIB	Local Workforce Investment Board
MOU	Memorandum of Understanding
OSOS	One-Stop Operating System
SDA	Service Delivery Area
SWIB	State Workforce Investment Board
UI	Unemployment Insurance
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of New York State's One-Stop career center system. The audit objective was to assess the status of New York's One-Stop career center system relative to where it needs to be to meet Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of November 29, 1999, of where New York stands in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is a One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000.

AUDIT RESULTS

New York has not established a State Workforce Investment Board (SWIB). A SWIB is paramount to establishing a comprehensive workforce investment system. Though New York has developed time frames to complete benchmarks established by the Employment and Training Administration (ETA), New York will need a strong commitment by State and local governmental units, and required partners to meet the July 1, 2000, deadline for WIA implementation. To meet the requirements for a One-Stop career center system under WIA, New York needs to address the following issues:

- establish State and Local Workforce Investment Boards, and include all required partners in the One-Stop system;
- define local areas and establish a One-Stop career center in each local area;
- develop and execute Memoranda of Understanding (MOUs) with program partners;
- allocate a fair share of operating costs to benefitting partner programs;
- implement a data collection system which includes elements unique to WIA; and
- improve access to services for visually and hearing-impaired One-Stop customers.

The Executive Deputy Commissioner of the State of New York Department of Labor responded to our draft report on February 10, 2000. The Executive Deputy Commissioner outlined actions taken subsequent to fieldwork addressing the recommendations contained in the draft report. The response has been incorporated into the report and included in its entirety as an Appendix.

INTRODUCTION

BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is a One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provided further direction on WIA requirements.

New York State was awarded an implementation grant in 1996 to develop a One-Stop system. The grant, as modified, provided $13,293,750 in funding through December 31, 1999. As of September 30, 1999, New York has reported expenditures of $4,209,508 and unliquidated obligations of $6,991,501.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of New York's One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000. Subobjectives were to assess the status of New York's One-Stop career center system in:

1. including all WIA required One-Stop partners,
2. opening centers in each area,
3. establishing agreements with agencies providing WIA required partner services,
4. developing a financial system to meet One-Stop needs under WIA,
5. developing a data collection system to meet One-Stop needs under WIA, and
6. providing access to services at the One-Stop centers.

In performing this audit, we conducted interviews with officials from ETA, New York State Department of Labor, and two One-Stop career centers. We reviewed and analyzed services for job seekers and employers, and other planning and implementation documents from various sources. We visited One-Stop career centers located in Jamaica and Poughkeepsie. We did not assess One-Stop career center performance, customer satisfaction, or customer choices. We also did not review internal controls relative to the One-Stop career center system.

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Fieldwork began on November 15, 1999 and ended on November 29, 1999. We held an exit conference with New York State Department of Labor officials on December 22, 1999.

AUDIT RESULTS

1. ***Including All WIA Required One-Stop Partners***

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B), requires as partners those entities that carry out specific employment, training and education programs and activities. WIA requires that program partners be accessible through the One-Stop career centers and be represented on the SWIB and Local Workforce Investment Boards (LWIBs).

State Workforce Investment Board

New York has not established a SWIB. A SWIB is paramount to establishing a comprehensive workforce investment system. New York officials indicated that the SWIB would be established in the near future as the Governor signed legislation on November 10, 1999, which authorized the formation of a SWIB. New York's SWIB needs to address the following essential WIA requirements:

- develop the State plan;
- develop and continuously improve a Statewide system of activities funded under WIA;
- designate local workforce investment areas;
- develop allocation formulas for the distribution of funds;
- develop and continuously improve comprehensive performance measures to assess the effectiveness of workforce investment activities;
- prepare the annual report to the Secretary; and
- develop the Statewide employment statistics system.

Local Workforce Investment Boards

LWIBs need to be established in New York. The development of LWIBs is contingent upon the designation of the local workforce investment areas by the SWIB.

One-Stop Career Centers

New York has identified prospective partners but does not have formal commitments from these partners to indicate their willingness to participate in the system. Also, New York has not taken

steps to ensure that specific customer groups, such as those served through the Indian and Native American, Job Corps, and Housing and Urban Development's (HUD) Employment and Training programs, are served through the One-Stop delivery system.

2. ***Opening Centers in Each Local Area***

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible in at least one physical center in each local area of the State.

The Governor had not designated local workforce investment areas as of November 29, 1999. However, State officials indicated that local workforce investment area designations under WIA should be similar to the 33 Service Delivery Area (SDA) designations under the Job Training Partnership Act (JTPA). New York identified only eight SDAs which had full-service One-Stop centers. New York will need to establish a full-service One-Stop center in each of the local workforce investment areas eventually designated.

3. ***Establishing Agreements with Agencies Providing WIA Required Partner Services***

20 CFR 662.230(c) states that all WIA required partners must:

> *"Enter into a memorandum of understanding (MOU) . . . relating to the operation of the One-Stop system . . . including a description of services, how the cost of the identified services and operating costs of the system will be funded, and methods of referral."*

MOUs have not been executed with WIA required program partners. However, New York has developed an MOU template agreement which contains general information on cost allocation, services to be delivered, and procedures for modification or termination of the MOU. The MOU template allows partners to terminate their participation in a One-Stop center by providing only 30 days written notice which may adversely affect services to participants, partner resources, and serve as a disincentive to establishing long-term funding streams due to the short notice for termination.

4. ***Developing a Financial System Able to Meet One-Stop Needs Under WIA***

WIA, Subtitle E, Section 184(a)(1) requires each State establish fiscal controls and fund accounting procedures. The Interim Final Rule under 20 CFR 662.270 provides further direction, stating:

> *". . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . ."*

There were no cost allocation plans for fairly charging operating costs to benefiting partner programs at the One-Stop career centers we visited. Currently, the Unemployment Insurance program paid all One-Stop facility costs while other program partners did not pay their proportionate share of the operating costs.

5. ***Developing a Data Collection System Able to Meet One-Stop Needs Under WIA***

WIA, Subtitle B, Chapter 6, Section 136(d)(2) requires that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services.

New York currently uses multiple data collection systems to gather and report customer activities. While these systems do not include data elements which are unique to the WIA program, New York is working with a contractor to develop the One-Stop Operating System (OSOS), a management information system, which will incorporate WIA data elements. The OSOS is designed to support case management staff by providing a customer database which integrates data from various program partners. New York plans to begin testing OSOS in May 2000, and link program partners by July 1, 2000. When fully functional, the OSOS should meet WIA data collection needs for customers of the One-Stop centers.

Other data collection issues still being addressed by New York include:

- Releasing wage data from the State's Bureau of Revenue and Taxation to the One-Stops and for interstate inquiries by other states' One-Stop systems.
- Obtaining wage data from other states' wage reporting systems for customers who move into the state from other areas or obtain employment out of state.
- Developing the initial training provider list and performance information required for the subsequent training provider certifications and consumer reports.

6. ***Providing Access to Services at the One-Stop Centers***

The introduction to the Interim Final Rule (Pages 18668-9) states that One-Stop delivery systems should be user-friendly and LWIBs should coordinate with the broader community, including transportation agencies, to ensure the centers are accessible to all customers.

We visited two One-Stop career centers and found the centers offer self-service and staff-assisted services. Facilities were clean and well-equipped with standard and specialized equipment for mobility impaired persons. Municipal parking, including designated handicapped spaces, and access to public transportation were available at the sites. However, the One-Stop career centers did not provide access to services for visually and hearing-impaired individuals.

Resource areas were designed to encourage public use. Computers were user-friendly, utilizing mouse driven programs (point and click) and "home screen" links to occupational related Internet sites. The State job listing does not contain full employer information, but further information is available from the center's staff. Staff is available to assist customers and demonstrate equipment usage.

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure that New York implements WIA One-Stop requirements. By July 1, 2000, New York needs to:

1. Include all WIA required One-Stop partners by:

   - establishing a SWIB and LWIBs with members that include all WIA required program partners; representatives from labor, government, education and low income; and a business majority; and

   - ensuring that specific consumer groups, such as those served through the Indian and Native American, Job Corps and HUD's Employment and Training programs, are served in the One-Stop system.

2. Designate local workforce investment areas and open a minimum of one physical center in each local area which provides access to all core services and each of the WIA required programs, services and activities.

3. Ensure local areas develop and execute comprehensive MOU agreements with all WIA required partners which include provisions covering:

   - services to be provided,
   - the funding of services and operating costs, and
   - methods for referring customers between partners and services.

4. Ensure local areas develop cost allocation plans that fairly charge One-Stop operating costs to benefitting partner programs.

5. Oversee implementation of the data collection system by:

   - Ensuring OSOS captures complete and accurate data for all customers who receive more than self-service or informational services.

   - Developing a contingency plan for OSOS, since it is currently being developed and has not been tested.

- Addressing outstanding data collection issues such as collection of wage information and training provider performance data.

6. Improve access to self-service activities for customers with hearing and visual impairments.

State of New York Department of Labor Response

1. *"The New York State Workforce Investment Board has been nominated by the Governor following the prescribed nomination process. . . . The first meeting of the Board is expected within the next several weeks. . . . Local Workforce Investment Board Appointment Criteria was disseminated to local CEOs posted on the Internet in late November 1999. . . .*

   The Department, in conjunction with NYATEP and NGA, has contacted appropriate federal agencies including USDOL to identify programs involving Indians and Native Americans, Job Corps, and HUD Employment and Training Programs. To date we have been unsuccessful in securing a list of HUD Employment and Training grant recipients in New York State."

2. *"The Department sent a Local Workforce Investment Area Designation Request Form to all CEOs in New York State to solicit their formal configuration requests. This information has been compiled and is ready for presentation to the Board at its first meeting. Board recommendations on the designation of areas are expected to be made at the first meeting, with formal designation by the Governor immediately thereafter. . . . The State Department of Labor has awarded One-Stop career center grants to 32 out of the 33 service delivery areas. . . ."*

3. *"A State-level MOU is being finalized among 13 State agencies. . . . The revised MOU template now requires partners to give 90 days written notice of intent to terminate their participation in a One-Stop center. . . . A local MOU template was developed and disseminated on December 23, 1999. . . ."*

4. *"A local MOU template was developed and disseminated on December 23, 1999, which includes guidance on development of cost allocation plans. . . . In addition, we have been providing PowerPoint presentations on a regional basis across the State entitled, "Cost Allocation and Resource Sharing in the One-Stop Systems," to assist the local areas in the negotiations of their Memorandum of Understanding."*

5. *"Development of OSOS for the State is continuing. . . . The One-Stop Grant RFAs have included technology specifications/standards that the locals will have to meet in order to connect with the State system. A Technical Advisory was released to describe what back-up systems are being established."*

6. *"NYSDOL will make every effort to ensure that all One-Stop centers are universally accessible to all customers regardless of disability or individual barrier to employment."*

STATE OF NEW YORK
DEPARTMENT OF LABOR
Governor W. Averell Harriman
State Office Building Campus
Albany, New York 12240

JAMES T. DILLON
Executive Deputy Commissioner of Labor

February 10, 2000

Mr. Richard H. Brooks
Regional Inspector General for Audit
U.S. Department of Labor
Office of Inspector General
201 Varick Street
New York, New York 10014

Dear Mr. Brooks:

The following is our written response to the recommendations in the draft report of your audit of New York's One-Stop Readiness under the Workforce Investment Act.

RECOMMENDATION #1:

Include all WIA required One-Stop partners by:

- Establishing a SWIB and LWIBs with members that include all WIA-required program partners; representatives from labor, government, education and low income, and a business majority.
- Ensuring that specific consumer groups such as those served through the Indian and Native American, Job Corps and HUD Employment and Training programs are served in the One-Stop system.

NYS DOL RESPONSE:

Establish State Board

- The New York State Workforce Investment Board has been nominated by the Governor following the prescribed nomination process.
- Background checks on the appointees are nearing completion.
- The first meeting of the Board is expected within the next several weeks.

Duties of the State Board

- **Develop the State Plan:** a draft of the State Plan has been prepared for review by the Board at its first meeting.

- **Designate Local Workforce Investment Areas:** the Department sent a Local Workforce Investment Area Designation Request Form to all CEOs in New York State to solicit their formal configuration requests. This information has been compiled and is ready for presentation to the Board at its first meeting. Board recommendations on the designation of areas are expected to be made at the first meeting, with formal designation by the Governor immediately thereafter. In addition, CEOs were advised that they should proceed with their local board nominations and developing a local plan.

- **Develop allocation formulas:** preliminary planning estimates of WIA Title I allocations have been disseminated to local areas for use in the development of Local Plans. As authorized by the Secretary of Labor, New York State has adopted the JTPA Hold Harmless provisions for Program Year 2000 and Program Year 2001.

- **Develop ... comprehensive performance measures:** a draft Technical Advisory on performance measures has been developed by our Research and Statistics Division using proposed, but not yet finalized measures from USDOL, and disseminated via mail, meetings and the Internet. These measures will be used in negotiations between the State and locals, and in the development of Local Plans. It is anticipated that the State will not impose additional performance pressures beyond those required by USDOL for Program Year 2000.

Establish Local Boards

- Local Workforce Investment Board Appointment Criteria was disseminated to local CEOs posted on the Internet in late November 1999.

- The "Comprehensive Five-Year Local Plans Under WIA" Technical Advisory was distributed to local areas and posted on the Internet on December 24, 1999.

- A Technical Advisory was released to announce the availability of technical assistance to Local Workforce Investment Boards (LWIB) and One-Stop partners regarding the development of resource sharing agreements and cost allocation plans as part of the local Memorandum of Understanding (MOU) negotiation process.

The Department, in conjunction with NYATEP and NGA, has contacted appropriate federal agencies including USDOL to identify programs involving Indians and Native Americans, Job Corps, and HUD Employment and Training Programs. To date we have been unsuccessful in securing a list of HUD Employment and Training grant recipients in New York State.

RECOMMENDATION #2:

Designate local workforce investment areas and open a minimum of one physical center in each local area which provides access to all core services and each of the WIA-required programs, services and activities.

NYS DOL RESPONSE:

One-Stop Career Centers

- The State Department of Labor has awarded One-Stop career center grants to 32 out of the 33 service delivery areas. The only area that did not request, and therefore could not receive funding, was the Town of Oyster Bay.

RECOMMENDATION #3:

Ensure local areas develop and execute comprehensive MOU agreements with all WIA-required partners which include provisions covering:

- Services to be provided.
- The funding of services and operating costs.
- Methods for referring customers between partners and services.

NYS DOL RESPONSE:

Development of MOUs

- A State-level MOU is being finalized among 13 State agencies.
- A local MOU template was developed last fall, modified after a public comment period, and disseminated. It has been available on the agency's website.
- The revised MOU template now requires partners to give 90 days written notice of intent to terminate their participation in a One-Stop center.
- The Department has identified contacts for Native American Programs, Migrant and Seasonal Farmworkers, and Job Corps in our One-Stop System Building Toolkit, which includes Services and Funding information and MOU development Toolkit.

RECOMMENDATION #4:

Ensure local areas develop cost allocation plans that fairly charge One-Stop operating costs to benefiting partner programs.

NYS DOL RESPONSE:

- A local MOU template was developed and disseminated on December 23, 1999, which includes guidance on development of cost allocation plans.

- A Workforce Development System Technical Advisory was released to announce the availability of technical assistance to Local Workforce Investment Boards and One-Stop partners regarding the development of resource sharing agreements and cost allocation plans as part of the Memorandum of Understanding negotiation process.

- A Workforce Development System Technical Advisory was released to provide guidance to the Workforce Development System Partners in the determination of cost allocation and resource sharing within the One-Stop system.

In addition, we have been providing PowerPoint presentations on a regional basis across the State entitled, "Cost Allocation and Resource Sharing in the One-Stop Systems," to assist the local areas in the negotiations of their Memorandums of Understanding.

RECOMMENDATION #5:

Oversee implementation of the data collection system by:

- Ensuring OSOS captures complete and accurate data for all customers who receive more than self-service or informational services.

- Developing a contingency plan for OSOS since it is currently being developed and has not been tested.

- Addressing outstanding data collection issues such as collection of wage information and training provider performance data.

NYS DOL RESPONSE:

Data Collection System

- Development of OSOS for the State is continuing. Information on the system and encouragement to adopt it has been released to the locals through Technical Advisories. The One-Stop Grant RFAs have included technology specifications/standards that the locals will have to meet in order to connect with the State system.

A Technical Advisory was released to describe what back-up systems are being established.

RECOMMENDATION #6:

Improve access to self-service activities for customers with hearing and visual impairments.

NYS DOL RESPONSE:

NYSDOL will make every effort to ensure that all One-Stop centers are universally accessible to all customers regardless of disability or individual barrier to employment.

If you have any questions regarding our responses, please contact Margaret Moree, Director of Workforce Development and Training at (518) 457-0380.

Sincerely,

James T. Dillon
Executive Deputy Commissioner

cc: Marilyn Shea
Eric Johnson

U.S. Department of Labor

Office of Inspector General
Washington, D.C. 20210

FEB 8 2000

MEMORANDUM FOR: RAYMOND L. BRAMUCCI
Assistant Secretary for
Employment and Training

FROM: JOHN J. GETEK
Assistant Inspector General
for Audit

SUBJECT: Vermont's One-Stop Readiness Under the
Workforce Investment Act
Final Audit Report No. 02-00-205-03-320

The attached final report is submitted for your resolution action. We request a response to this report within 60 days. It is your office's responsibility to transmit the attached report to Vermont's Department of Employment and Training officials for resolution. However, we are providing a courtesy copy directly to them.

If you have any questions concerning this report, please contact Richard H. Brooks, Regional Inspector General for Audit, at (212) 337-2566.

Attachment

cc: Robert Semler, ETA Region I
Eric Johnson, ETA WIA Implementation Task Force
Steven M. Gold, Vermont Department of Employment and Training

BEST COPY AVAILABLE

Vermont's One-Stop Readiness Under the Workforce Investment Act

Report No.: 02-00-205-03-320
Date: FEB 8 2000

TABLE OF CONTENTS

PAGE

ACRONYMS i

EXECUTIVE SUMMARY 1

INTRODUCTION

BACKGROUND 2

OBJECTIVES AND SCOPE 2

AUDIT RESULTS:

1. Opening Centers in Each Local Area 3

2. Providing Access to Services at the One-Stop Centers 3

3. Including All WIA Required One-Stop Partners 4

4. Establishing Agreements with Agencies Providing WIA Required Partner Services 5

5. Developing a Financial System Able to Meet One-Stop Needs Under WIA 6

6. Developing a Data Collection System Able to Meet One-Stop Needs Under WIA 7

RECOMMENDATION 8

APPENDIX:

Vermont's Response to Draft Report 9

ACRONYMS

DET	Vermont Department of Employment and Training
ETA	Employment and Training Administration
HRIC	Human Resources Investment Council
INA	Indian and Native American
MSFW	Migrant and Seasonal Farmworkers
MOU	Memorandum of Understanding
UI	Unemployment Insurance
WIA	Workforce Investment Act

EXECUTIVE SUMMARY

This report presents the results of the audit of Vermont's One-Stop career center system. The audit objective was to assess the status of Vermont's One-Stop career center system relative to where it needs to be to meet the Workforce Investment Act (WIA) requirements. This report provides the reader with a snapshot as of October 7, 1999, of where Vermont stands in implementing WIA requirements and actions to be taken by July 1, 2000.

WIA was passed in August 1998, to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each local area. WIA requires that states complete full implementation by July 1, 2000.

AUDIT RESULTS

Vermont met WIA requirements of having a One-Stop center located in each local area and providing accessible services at One-Stop centers. However, Vermont needs to continue its efforts in the following areas to meet the requirements for a One-Stop career center system under WIA:

- include all required partner programs on the State Workforce Investment Board and in the One-Stop career center system;
- develop and execute comprehensive Memoranda of Understanding (MOUs) with program partners;
- allocate a fair share of One-Stop center costs to all program partners and other benefiting entities; and
- complete the expansion of the data collection system to include all data elements needed for performance reporting.

The Commissioner of the Vermont Department of Employment and Training (DET) responded to the draft report on December 17, 1999. The Commissioner generally concurred with our findings and recognized that changes need to be made to its existing systems to comply with WIA by July 1, 2000. The response has been incorporated into the report with our comments, when appropriate, and included in its entirety as an Appendix.

INTRODUCTION

BACKGROUND

WIA was passed in August 1998 to reform Federal job training programs and create a new, comprehensive workforce investment system. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous training, education and employment programs into a single, customer-friendly system in each community. WIA requires that states complete full implementation by July 1, 2000. Interim final regulations, effective May 17, 1999, provided further direction on WIA requirements.

In 1997, Vermont was awarded a 3-year planning and implementation grant to establish a One-Stop career center system. The grant, as modified, provided $3.5 million in funding. In March 1999, Vermont submitted a plan for early WIA implementation. Vermont's WIA plan included both state and local sections because Vermont was a single state service delivery area under the Job Training Partnership Act and the Governor designated Vermont as a single state local area for the purposes of WIA Title I. The Employment and Training Administration (ETA) fully approved the state section of Vermont's WIA plan for 5 years but approved the local section on a transitional basis for 1 year. ETA authorized Vermont to begin implementing WIA as of July 1, 1999.

OBJECTIVES AND SCOPE

The audit objective was to assess the status of Vermont's One-Stop career center system relative to where it needs to be to meet WIA requirements by July 1, 2000. Sub-objectives were to assess the status of Vermont's One-Stop career center system in:

1. Opening centers in each local area.
2. Providing access to services at One-Stop centers.
3. Including all WIA required One-Stop partners.
4. Establishing agreements with agencies providing WIA required partner services.
5. Developing a financial system able to meet One-Stop needs under WIA.
6. Developing a data collection system able to meet One-Stop needs under WIA.

In performing this audit, we conducted interviews with officials from ETA, State and three One-Stop career centers in the cities of Newport, Rutland and Springfield. We reviewed and analyzed One-Stop partnership agreements, services for job seekers and employers, One-Stop plans and other documents from various program sources. We did not assess One-Stop career center performance, customer satisfaction, or customer choices. We did not review internal controls related to the One-Stop career center system.

The audit was performed in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. We conducted fieldwork from September 21, 1999 to October 7, 1999. We held an exit conference with DET officials on November 23, 1999.

AUDIT RESULTS

1. *Opening Centers in Each Local Area*

WIA, Title I, Subtitle B, Chapter 5, Section 134(c)(2)(A) requires, at a minimum, that each of the required programs, services, and activities be accessible at not less than one physical center in each local area of the state. Vermont, as a single workforce investment area, needs only one physical One-Stop center to meet the minimum requirements under WIA.

Vermont has exceeded WIA requirements by establishing 12 physical centers - 1 in each of the 12 labor market areas across the State. Vermont, in designing its One-Stop career center system, took into consideration the labor market areas and the distances that individuals would have to travel to receive services.

2. *Providing Access to Services at the One-Stop Centers*

The introduction to the Interim Final Rule (Federal Register, Volume 64, Number 72, dated April 15, 1999, page 18668-9), states that One-Stop delivery systems should be user friendly and local boards should coordinate with the broader community, including transportation agencies, to ensure the centers are accessible to customers.

We toured three One-Stop centers and found them user friendly and accessible. The centers delivered services through self and staff assisted service. Facilities were clean and well equipped with standard and specialized equipment for hearing, mobility and visually impaired persons. General meeting and training rooms were available. Staff work areas were well laid out and aisles were wide enough to accommodate wheelchairs. Free parking, including designated handicap parking spaces, was available at the centers.

There are various levels of public transportation services available in Vermont. Large cities, such as Rutland, have frequent bus and van transportation available throughout the labor market area. Medium cities, such as Springfield, have less service available with bus and van transportation operating on limited routes and timetables. Small cities, such as Newport, have basically no public transportation system. One-Stop centers have worked with transportation providers to improve service, but getting to centers can still be a challenge for customers without personal means of transportation. In addressing this challenge, the State has developed the "Patch" program where One-Stop staff visits customers in the more rural areas and delivers One-Stop services, such as job referrals, resume writing, workshops and other services which are generally offered at centers.

Resource areas were the central focus upon entering the One-Stop centers and were designed to encourage public usage. Computers were user friendly, utilizing mouse driven programs (point and click) and "home screen" links to occupation related Internet sites. The State job listing does

not contain full employer information, but additional information is available from the center's receptionist or staff. Staff is available to assist customers and demonstrate equipment usage.

Vermont fully implemented its Unemployment Insurance (UI) file-by-phone service on September 7, 1999, moving the bulk of UI activity out of the local One-Stop centers and into a central location. As a result, staff who previously specialized in UI claims, was reassigned other responsibilities at centers. Staff focus shifted from intake and processing skills needed for the UI program to the delivery of advanced client assessment and case management services needed for both WIA Title I and Welfare-to-Work programs. Staff was encouraged to attend Career Development Facilitators training, a curriculum developed by the National Occupational Information Coordinating Committee. The training was designed to develop staff skills in the areas of assessment, case management, labor market information, and employer services. Based on interviews with center managers and staff, it appears the facilitator training was successful.

3. *Including All WIA Required One-Stop Partners*

WIA, Title I, Subtitle B, Chapter 3, Section 121(b)(1)(B) requires as partners those employment, training, and education entities that carry out specific programs and activities. WIA requires that program partners, including the Migrant and Seasonal Farmworkers (MSFW), and Indian and Native American (INA) programs, be represented on the Workforce Investment Boards and be accessible through the One-Stop Career centers.

Vermont's Workforce Investment Board does not meet WIA requirements. On May 19, 1999, the Vermont State Legislature passed a law establishing the Human Resources Investment Council (HRIC) as the State Workforce Investment Board and reconstituting the board membership to include most, but not all, of the WIA required partner programs. MSFW and INA programs are not permanent members of the HRIC under Vermont law. We reviewed board membership as of September 21, 1999, and noted:

- The community-based organization which operates the MSFW programs is currently on the board but is classified as a "business" member. Business members are appointed for terms of 3 years while legislated appointees have permanent places on the HRIC.

- INA programs are not represented on the HRIC in any capacity.

Also, Vermont's One-Stop career center system does not include the INA grantee which is a required program partner under WIA. Specifically, INA programs operated by the Abenaki Self-Help Association, Inc., was not accessible through the State's One-Stop career center system.

In its response, Vermont stated:

> *The HRIC (Vermont's State WIB) is conferring with the Governor about changing the designation of the representative of the MSFW program to make his seat part of the*

permanent "partner" membership. . . . We will endeavor to redesignate the seat in question by late January 2000.

The HRIC is sensitive to the economic well being of all Vermont citizens and is committed to finding a solution that will assure that the interests of Native Americans are fully addressed. The HRIC has established regional Workforce Investment Boards (WIBs), which are extensions of the Council, and which have responsibility for identifying needs at the local level. They influence the use of a wide range of education and training resources including federal, state and local funds. We would suggest that representation by the Native American Program, Abenaki Self Help, be part of the Franklin Grand Isle County WIB, one of the most active and effective in the state, and which serves the region in which the identified Native American program, Abenaki Self Help, is located. We believe that board representation is close proximity to the program in question would be the most effective means to assure that the needs of this population are served.

We are prepared to immediately enter into discussions with the Chair of this regional WIB to arrange for a seat for a representative of the Abenaki Self Help organization, and we believe that this would be a practical and effective resolution to this concern. In addition, the HRIC would be available to meet with the Abenaki Self Help administrators at any time to discuss their workforce education and training needs and to coordinate the services of Abenaki Self Help with other program providers through the One Stop Career Center System. Additionally, an MOU would be developed to reflect this effort.

While Vermont plans to take constructive steps regarding MSFW representation on the HRIC and the inclusion of INA programs into the One-Stop career center system, the INA grantee should be a permanent member of the HRIC for Vermont to be fully WIA compliant.

4. ***Establishing Agreements with Agencies Providing WIA Required Partner Services***

WIA, Title I, Subtitle B, Chapter 3, Section 121(c)(2)(A) states that each MOU contains provisions describing:

(i) the services to be provided through the one-stop delivery system;

(ii) how the costs of such services and the operating costs of the system will be funded;

(iii) methods for referral of individuals between the one-stop operator and the one-stop partners, for the appropriate services and activities; and

(iv) the duration of the memorandum and the procedures for amending the memorandum during the term of the memorandum. . . .

Vermont's partnership agreements do not fulfill the requirements of an MOU under WIA. The agreements provide some general guidance as to the type of services the program partners provide. However, the agreements do not indicate:

- which core services, such as job search assistance and placement, partners will provide;
- what other services, such as intensive assessment or training, partners will provide;
- methods of referring individuals between Vermont's DET which operates the One-Stop centers, and the partners; and
- partner commitments of funding and staff to the One-Stop career center system.

In its response, Vermont stated:

> *At the request of the Department of Labor, ETA, which identified the same concerns, we have begun the process of revising our MOU's to address the three issues you have raised. We anticipate the date of completion of the revised MOU to be January 31, 2000.*

5. ***Developing a Financial System Able to Meet One-Stop Needs Under WIA***

WIA, Subtitle E, Section 184(a)(1) requires each state establish fiscal controls and fund accounting procedures. 20 CFR 662.270 provides further direction, stating:

> *. . . Each partner must contribute a fair share of the operating costs of the One-Stop delivery system proportionate to the use of the system by individuals attributable to the partner's program. . . . Some of these (allocation) methodologies include allocations based on direct charges, cost pooling, indirect cost rates and activity-based cost allocation plans. . . .*

While DET, the administrator for the State's One-Stop career center system, has an accounting system which is adequate for capturing center costs in aggregate, Vermont's One-Stop career center system has not developed a financial management system which fully meets WIA needs. DET's policy is to charge partners which have a full-time presence at the centers, a proportionate share of the facility costs. However, DET needs to consider charging part-time partners and other entities that consume center resources for their proportionate share of costs.

In its response, Vermont stated:

> *Vermont will determine the amount of and consider charging partners with a part-time presence for their proportionate share of the facility cost. However, when the proportionate share is immaterial or less than the value of services contributed to the one-stop center no charge will be made. The decision to charge or not will be made on a*

partner by partner basis and will be incorporated into the Memorandum of Understanding with that partner.

Vermont currently does charge several entities which consume center resources even though they are not physically present in the center. Resources consumed are typically personnel costs; cost reimbursement agreements for those activities above and beyond Wagner Peyser and WIA core services are negotiated. Each new request will be considered and agreements will be negotiated unless associated costs are deemed to be immaterial.

6. ***Developing a Data Collection System Able to Meet One-Stop Needs Under WIA***

WIA, Title I, Subtitle B, Chapter 6, Section 136(d)(2) requires that a One-Stop data collection system be able to collect and report certain data elements for all customers who receive more than self-service and informational services.

Vermont has not expanded its data collection system to include all data elements needed for WIA required reports. Vermont's One-Stop data system was originally developed for the Job Training Partnership Act and was expanded to accommodate the Employment Service, Unemployment Insurance and Welfare-to-Work programs. The system tracks the full range of core, intensive, and training services received by customers. Based on our limited testing, the data collection system was effectively merged into the One-Stop career center environment. All activity related to services received by customers was recorded. However, the data collection and reporting system needs to be upgraded to report on WIA required performance measures, such as retention in unsubsidized employment after 12 months, return on investment linking the cost of workforce investment activities with outcomes, and training effectiveness.

In its response, Vermont stated:

Vermont has actively participated in a series of performance accountability meetings involving ETA, the early implementation states and others. The purpose of this process was to identify and develop recommendations on key issues associated with WIA record keeping and reporting and to define the technical specifications to be used. We are expecting ETA to issue the resulting guidance for interim WIA reporting in early January. Final modifications to our data collection and reporting systems will be undertaken when that guidance is received.

The use of wage record data is an area of particular concern under WIA. Vermont has no problem matching its participants to Vermont wage record data to determine such things as earnings, wage gains and retention. We have already done this several times as part of the process mentioned above. Concerns arise when individuals find employment outside of Vermont's boundaries after being serviced under Vermont's WIA. We anticipate that the bulk of "other state" employment will occur in New Hampshire, New York, and Massachusetts. Officials in the other states will be contacted to determine the

feasibility of reciprocal access to each others wage record data for purposes of WIA performance accountability. Vermont has already agreed to participate in the Wage Record Interchange System which should help over the longer term.

RECOMMENDATION

We recommend that the Assistant Secretary for Employment and Training ensure that Vermont continues its efforts to implement WIA requirements. By July 1, 2000, Vermont needs to:

1. Include all WIA required One-Stop partners by ensuring that:

   -- the HRIC clearly identifies entities as "partners" that are required partners under WIA instead of placing them under another category such as "business;" and

   -- INA programs are represented on the HRIC and linked into the One-Stop career center system.

2. Develop and execute comprehensive MOUs with each program partner by including provisions covering:

   -- services to be provided,
   -- the funding of services and operating costs, and
   -- methods for referring individuals between DET and partners.

3. Allocate a fair share of One-Stop career center costs to all program partners and other benefitting entities.

4. Complete the expansion of the data collection system to include all data elements needed for WIA performance reporting.

Vermont Department of Employment & Training

December 17, 1999

Richard H. Brooks
Regional Inspector General for Audit
New York Regional Audit Office
201 Varick Street, Room 871
New York, New York 10014

Dear Mr. Brooks:

I would like to thank your staff for their cordiality and professionalism while in Vermont and to praise the succinct, easily understandable report that we found both timely and valuable. In response to the report: *Vermont's One-Stop Readiness Under the Workforce Investment Act*, I would like to submit the following reaction to each of your four recommendations.

1. **Bring the State WIB into conformity with WIA membership requirements by including all WIA required partners in the 1-stop career center system and clearly identifying entities as "partners" that are required as partners under WIA instead of placing them under another category such as "business".**

This issue relates to membership of the administrator of the Migrant and Seasonal Farmworker programs, as well as Native American representation.

Migrant and Seasonal Farmworker Representative:

The HRIC (Vermont's State WIB) is conferring with the Governor about changing the designation of the representative of the MSFW program to make his seat part of the permanent "partner" membership. However, it should be pointed out that the business/employer portion of the HRIC as presently constructed has a majority of two, not one as the report referenced. Therefore, the assertion in the audit report that the HRIC membership is skewed by the appointment is not accurate and should be corrected to preclude future misunderstandings. We will endeavor to redesignate the seat in question by late January 2000.

BEST COPY AVAILABLE

VERMONT DET
we help vermont work
5 Green Mountain Drive • P.O. Box 488 • Montpelier, Vermont 05601-0488
Telephone: (802) 828-4000 • Fax: (802) 828-4022

Native American Representative:

The HRIC is sensitive to the economic well being of all Vermont citizens and is committed to finding a solution that will assure that the interests of Native Americans are fully addressed. The HRIC has established regional Workforce Investment Boards (WIBs), which are extensions of the Council, and which have responsibility for identifying needs at the local level. They influence the use of a wide range of education and training resources including federal, state and local funds. We would suggest that representation by the Native American Program, Abenaki Self Help, be part of the Franklin Grand Isle County WIB, one of the most active and effective in the state, and which serves the region in which the identified Native American program, Abenaki Self Help, is located. We believe that board representation in close proximity to the program in question would be the most effective means to assure that the needs of this population are served.

We are prepared to immediately enter into discussions with the Chair of this regional WIB to arrange for a seat for a representative of the Abenaki Self Help organization, and we believe that this would be a practical and effective resolution to this concern. In addition, the HRIC would be available to meet with the Abenaki Self Help administrators at any time to discuss their workforce education and training needs and to coordinate the services of Abenaki Self Help with other program providers through the One Stop Career Center System. Additionally, an MOU would be developed to reflect this effort.

2. **Develop and execute comprehensive MOU agreements with each program partner by including provisions covering: 1. Services to be provided; 2. The funding of services and operation costs; and 3. Methods for referring individuals between DET and partners.**

At the request of the Department of Labor, ETA, which identified the same concerns, we have begun the process of revising our MOU's to address the three issues you have raised. We anticipate the date of completion of the revised MOU to be January 31, 2000.

3. **Allocate a fair share of costs to all program partners by ensuring the allocation method distributes the costs fairly among all program partners, both those co-located at the 1-Stop centers and those not.**

Vermont will determine the amount of and consider charging partners with a part-time presence for their proportionate share of the facility cost. However, when the proportionate share is immaterial or less than the value of the services contributed to the one-stop center no charge will be made. The decision to charge or not will be made on a

partner by partner basis and will be incorporated into the Memorandum of Understanding with that partner.

Vermont currently does charge several entities which consume center resources even though they are not physically present in the center. Resources consumed are typically personnel costs; cost reimbursement agreements for those activities above and beyond Wagner Peyser and WIA core services are negotiated. Each new request will be considered and agreements will be negotiated unless associated costs are deemed to be immaterial.

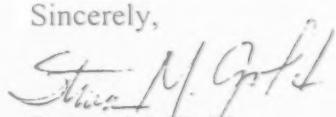
4. Develop the WIA required reports and expand the data collection system to include all WIA required data elements

Vermont has actively participated in a series of performance accountability meetings involving ETA, the early implementation states and others. The purpose of this process was to identify and develop recommendations on key issues associated with WIA record keeping and reporting and to define the technical specifications to be used. We are expecting ETA to issue the resulting guidance for interim WIA reporting in early January. Final modifications to our data collection and reporting systems will be undertaken when that guidance is received.

The use of wage record data is an area of particular concern under WIA. Vermont has no problem matching its participants to Vermont wage record data to determine such things as earnings, wage gains and retention. We have already done this several times as part of the process mentioned above. Concerns arise when individuals find employment outside of Vermont's boundaries after being served under Vermont's WIA. We anticipate that the bulk of "other state" employment will occur in New Hampshire, New York and Massachusetts. Officials in the other states will be contacted to determine the feasibility of reciprocal access to each others wage record data for purposes of WIA performance accountability. Vermont has already agreed to participate in the Wage Record Interchange System which should help over the longer term.

Please feel free to contact me with any questions.

Sincerely,



Steven M. Gold
Commissioner

SMG

BEST COPY AVAILABLE